

Mr. LOTT. I announce that the Senator from Texas [Mr. GRAMM], the Senator from Arizona [Mr. MCCAIN], and the Senator from New Hampshire [Mr. SMITH] are necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 80, nays 16, as follows:

[Rollcall Vote No. 582 Leg.]

YEAS—80

Abraham	Faircloth	Lugar
Ashcroft	Feingold	Mack
Baucus	Ford	McConnell
Bennett	Frist	Mikulski
Bingaman	Glenn	Moynihan
Bond	Graham	Murkowski
Boxer	Grams	Murray
Breaux	Grassley	Nickles
Brown	Gregg	Nunn
Bryan	Harkin	Pressler
Bumpers	Hatch	Pryor
Burns	Hatfield	Reid
Byrd	Heflin	Robb
Campbell	Helms	Rockefeller
Chafee	Hutchison	Santorum
Coats	Inhofe	Sarbanes
Cochran	Inouye	Shelby
Cohen	Jeffords	Simpson
Conrad	Johnston	Snowe
Coverdell	Kassebaum	Specter
Craig	Kempthorne	Stevens
D'Amato	Kennedy	Thomas
Daschle	Kerrey	Thompson
Dole	Kohl	Thurmond
Domenici	Kyl	Warner
Dorgan	Levin	Wellstone
Exon	Lott	

NAYS—16

Akaka	Gorton	Moseley-Braun
Biden	Hollings	Pell
Bradley	Kerry	Roth
DeWine	Lautenberg	Simon
Dodd	Leahy	
Feinstein	Lieberman	

NOT VOTING—3

Gramm	McCain	Smith
-------	--------	-------

So the conference report was agreed to.

Mr. CHAFEE. I move to reconsider the vote.

Mr. BAUCUS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

THE 7-YEAR BALANCED BUDGET  
RECONCILIATION ACT OF 1995

The PRESIDING OFFICER. Under the previous order, there will now be a period of debate on the conference report to accompany H.R. 2491, the Balanced Budget Act of 1995. Debate consumed during this period will be counted against the 10-hour statutory time limit under the Congressional Budget Act.

Who yields time?

Mr. DOLE addressed the Chair.

The PRESIDING OFFICER. The majority leader.

ORDER OF PROCEDURE

Mr. DOLE. Mr. President, I can indicate to our colleagues what the program is for today. We have a consent agreement that the time, as of 5 minutes ago, the 10-hour statutory time on the conference report on the Balanced Budget Act of 1995 started to run. We will not receive that from the House until about 3 o'clock. In any event, the

time has started running, and if we use all the time, we will vote about sometime after 11 o'clock tonight. If we do not use all the time, obviously, we will vote at an earlier time.

Anybody who would like to debate this particular subject, now is a good time to start. If there is no indication of debate, why, we can be in recess subject to call of the Chair, whatever.

And on tomorrow, it will be HUD-VA, if available, and there may be another CR tomorrow coming from the House, which will be a narrow CR dealing with Social Security, veterans, and Medicare, those three topics. But we have to have consent over here before we can bring that up. If we put in a lot of amendments, we will not get it passed. These are subjects the President mentioned in his statement yesterday. That will probably come over tomorrow.

I am somewhat doubtful the HUD-VA is going to make it. I do not think they will finish in the House in time. That is sort of where we are. I hope we can have some resolution of the continuing resolution. I understand there are different people talking to different people about different things.

[Laughter.]

I do not know whether they are going to get it resolved or not. Mr. President, I ask the minority leader if he has anything to add?

Mr. DASCHLE. Mr. President, I share the majority leader's view that this is a good time to begin the debate on the reconciliation bill. I know a number of our colleagues have expressed an interest in beginning the debate and have statements to make. I think we can proceed with that and try to give them an update from time to time on what, if anything, the negotiations may be producing with regard to an agreement on the CR.

Mr. DOLE. The time will be under the control of the Senator from New Mexico and the Senator from Nebraska, or their designees.

Mr. LEAHY. Will the leader yield for a question?

Mr. DOLE. Sure.

Mr. LEAHY. Mr. President, the Senator from Kansas [Mrs. KASSEBAUM] and I were going to introduce legislation, Kassebaum-Leahy legislation. I wonder at what point it will be an appropriate time.

Mr. DOLE. Right now.

Mr. LEAHY. I cannot speak for the Senator from Kansas on how much time she needs, but I know I only need about 4 or 5 minutes.

Mrs. KASSEBAUM. Mr. President, I do not need any longer, maybe even less than that. It is just to introduce some legislation.

Mr. DOLE. As far as I know, if there is no objection by the managers, it can be done right now.

Mr. EXON. I will be pleased to yield whatever time is necessary equally off the 10 hours.

Mrs. KASSEBAUM. I thank the Chair.

(The remarks of Mrs. KASSEBAUM, Mr. LEAHY, and Mr. FEINGOLD pertaining to the introduction of S. 1419 are located in today's RECORD under "Statements on Introduced Bills and Joint Resolutions.")

The PRESIDING OFFICER (Mr. GREGG). The Senator from New Mexico.

Mr. DOMENICI. Mr. President, this is a historic day, in my opinion, in the life of our country. While we do not have the resolution, a balanced budget amendment of 1995, over here from the House, yet I am holding the text of it in my hand.

Essentially today, in my opinion, we have finally cast aside years of irresponsibility. Today, we will keep our word to the American people. Today, for the first time in 25 years, the Congress of the United States will approve the first balanced budget in more than 25 years.

Today, we will act like adults and give this Nation the grown-up leadership needed to protect its future and allow our children to prosper.

Leaders, it has been said, are the custodians of a nation, of its ideals, its values, its hopes, and its aspirations—those things which bind a nation and make it more than a mere aggregation of individuals. By governing for today, it is obvious that it is much easier to just govern for today than leading for the future. It does not take a great deal of talent or courage to solve an immediate need. It is a lot harder to pave the pathway for the future.

Yet, we who serve in public office and those of us who do have a high responsibility to protect a great nation's future, we must work on behalf of those who will follow us, our children and our grandchildren. When the facts are clear, we must act in their behalf or we are not leaders. We are the trustees of the future and of their future, of their legacy, of their opportunities. Leadership requires courage. It requires boldness and foresight to safeguard a nation's ambitions and comfort and to confront its challenges.

We have tried to provide the leadership needed to throttle runaway Federal spending and give the American people the first balanced budget in more than a quarter century. That might not be much in the life of this Nation, but essentially what we have rung up on the credit card is now approaching \$5 trillion.

So during that 25 years since we last had a balanced budget, we have mortgaged our future in a rather almost irreparable way. We better fix it, and fix it now.

So, for many of us who have thought this was the biggest socioeconomic issue that our Nation has, this is a red-letter day. It is a day of great pride.

Now, there is no use kidding ourselves. What we have done is controversial and difficult. Obviously, the President says he will veto it. But it is also obvious that with that veto pen comes a high responsibility. The shoulders of the President will have a very heavy

load on them as he exercises that veto pen, because the question will be: When will we get a balanced budget, Mr. President? The question will be: What is our legacy going to be to our children once we have placed this in the hands of the President?

For it will now be up to him, sometime this evening or tomorrow when we finish, it will be up to him, not us. But we will pass it here in the Senate as it will pass in the U.S. House.

It has not been an easy road for scores of Senators. It has been a difficult job politically for many Members on our side of the aisle. Yes, we are getting beat about the head and shoulders. It has not been easy, perhaps, for today more people think we are not doing the right thing than think we are doing the right thing. But I believe when you do great things and difficult things you have to take a little bit of the heat for a while until it all sinks in, in terms of what you really have accomplished.

Again, I repeat: Since we have accomplished it, it will be on the shoulders of the President; then, once it is vetoed, to accomplish something of equal value and of equal legacy for our people.

We knew from the beginning this would be difficult. We knew it would require determination and endurance, but we had promised the American people that we would balance this budget and put an end to persistent deficit spending that has been bleeding our Nation dry and leaving our children with less of a future than we had, which is not a good thought, not one we relish very much as adult leaders in the world's greatest democracy and the world's greatest capitalist system, which has produced more goods and wealth for our people and for the world than any group of people living under any kind of government forever.

A deficit that is growing by \$482 million a day, \$335,000 a minute, \$5,500 every second, and growing—our deficit spending is heaping mountains of debt upon our children. It will drag them down. We are irresponsible in shackling our children with our bills. If this pattern is left unchanged, they will be the first generation of Americans to suffer a lower standard of living and less opportunity than their parents.

Yes, if we pass this budget, our budget, we can reverse that tide. We can restore our Nation's fiscal equilibrium, and preserve America as a land of opportunity, not just for the "now" generation, but for future generations of children yet unborn.

Our budget reflects a commitment to responsibility, to generating economic growth, creating family-wage jobs, and protecting the American dream for all our citizens, young and old. A balanced budget does not just mean a better future for our children. It will put more money in the pockets of working Americans today. It will mean lower interest rates, cheaper mortgages, and lower car payments. With our budget

in place, working Americans will have an easier time sending their children to school or buying their first home.

Economists predict a balanced budget will result in a 2 point drop in interest rates. That is a yearly \$200 saving on a typical 10-year loan of \$10,000, or \$2,000. Over the life of a loan, a family will save \$2,500 a year on a \$100,000 mortgage on their home if this budget is balanced. We owe it to the American people, and to those who live in our houses and make them their homes, to make it a little easier for them to live in that style.

Studies conclude that a balanced budget will boost an average family's income. Others say it will create 2½ million new jobs. And, even as we move toward a balanced budget in 2002, under our budget, Federal spending will continue to grow.

We will spend \$12 trillion over the next 7 years; a number that is almost unfathomable to most American citizens, and to many of us. That is only \$890 billion less than we would have otherwise spent—around \$900 billion less.

Also, we balance this budget without touching Social Security. The budget shrinks the Federal bureaucracy, eliminating many Federal agencies and departments and programs. And, over time, to meet the targets even more will have to be changed.

We move money and power out of Washington and back to citizens in their States and communities. This budget reform will also take care of an old, an ancient welfare system, for it, too, will be reformed. But, yet, we will maintain a safety net for those in true need, especially children.

It preserves and improves Medicare and it protects Medicare. In fact, the way it is written in this document, we make the Medicare system solvent for anywhere from 14 to 17 years instead of until the next election, or just a few years.

I want to say to my colleagues who may not agree with every item in this package, there may be some portions you would like to change. That may happen. But I also want to remind you that this is an honest and straightforward balanced budget. In the vernacular of past budget debates, you may disagree but there is no smoke and no mirrors, no rosy scenarios, no cooking the books, just balancing the books. The President says he will veto this budget. As I said a few moments ago, I wish he would not. But I think I understand the game and I think I understand what the White House is up to. He says he is kinder and gentler and he is going to have a kinder and gentler budget, that somehow magically gets to balance while spending about \$300 billion more in domestic programs. He says he can get to balance by spending more and cutting less. It sounds a little bit phony. That is because the President's so-called budget hides about \$475 billion in the smoke and mirrors of different eco-

nomie assumptions from those of the Congressional Budget Office, which dictates our economic assumptions and our costs of programming.

The President's document, in my opinion, is a political one, hastily thrown together last June in response to a Republican determined effort and our passage of the budget resolution which set the path for a balanced budget. Yet, I understand sooner rather than later we will have to work with our President to get a balanced budget. But I think it behooves us here, today, to make sure that the American people understand that we had a real balanced budget and when you look at it in its entirety, it is a pretty fair document. When you look at it, as to what it has accomplished that the people want, it preserves and protects Medicare without any question. And for those who come to the floor talking about increases in the costs, I remind them that even the President has recommended increased costs in Medicare. In fact, some of our experts will take to the floor and will bring to the people of the country the realization that most of the President's talk in the last 4 or 5 days about Medicare and not reducing and not cutting Medicare and not increasing the fees that have to be paid by seniors—that, in fact, the President has already recommended that we do that. Last year he recommended it. This year he recommended it. I think there is only a couple of dollars difference between his recommendations and ours.

So, I understand. We might have made a tactical mistake, assuming that the President would not play politics with Medicare when we sent down our last continuing resolution. But we set that aside for now. We will take that up at another date, if in fact we are able to get to the table with the President, if he makes sufficient commitment in advance so we know we are going to get there. For, obviously, we will not give until the President agrees to accept a continuing resolution that assures us we are going to go to the table, negotiating about a balanced budget at a given time that we can all live with. We believe that time is 7 years.

The reality is that throughout the debate we have had to drag along the White House toward a balanced budget. I will not belabor it, but clearly the President produced a budget earlier this year that ignored the deficit totally. Only after we had our determined effort of many months did he put together a balanced budget—allegedly a balanced budget—put together very short shrift, a 21-page document, nine of which are graphs.

So, now the time is clear and it is right ahead of us. Sometime tonight or early tomorrow we will pass a historic document. It will already have passed the House. And then the President of the United States will have it firmly and squarely on his shoulders. I believe there is hope. I am ready to meet with

budget leaders at the White House any time, so they might join with us in fashioning a budget that gets to balance in 7 years. I am ready to do it any time. But I believe it is far more important that, during the next 24 hours, we pass this one, which is our marker, our marker for this year and for the future. And I think just getting this budget passed will forever change the way we handle our citizens' tax dollars.

I believe we will have shown that excuses for a balanced budget are not justified. Excuses merely mean we do not have the guts to do it, or the courage to do it. But it can be done and it should be done. It may set the pattern for decades to come, that we do not spend—that we do not go in deficit in good economic times, that we pay our bills in good economic times so somebody else does not have to pay them, some other American who did not even vote on any of this because they were not around, or they were too little, or too young, or not born yet.

So with this background, I believe we have before us a real important event in American history. Later on, we will talk in more detail about what we actually did in Medicare and Medicaid and tax cuts. I will rely on others to give their versions of it, but clearly I will be here during the next 12 hours or so to give my version. Since I have

tried as hard as I could to learn as much as I could about this, it is important to me that we get our message across and get it across well. I believe we will.

It is a pleasure working with Senator EXON. We do not agree on a lot of things, but I guarantee you, if Senator EXON and I were locked in a room and told to come out with a balanced budget that was good, we might shock some people. It might be right. For now, we are on other sides of the ledger, and I understand that.

Let me at the end of my remarks insert in the RECORD a document that I was anxious about the last 3 weeks. As we went through our conference and had to change a lot of things, I was very anxious that we get this one document from the authenticator of budgets, the Congressional Budget Office, headed by Dr. June O'Neill, and this was directed to me dated November 16: "Dear Mr. Chairman." In essence, it says this budget reaches a balance in 2002 and has a surplus of \$4 billion. That is the story.

I ask unanimous consent that the letter confirming and ratifying that be made a part of the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

TABLE 1.—CONFERENCE OUTLAYS, REVENUES, AND DEFICITS  
[By fiscal year, in billions of dollars]

	1996	1997	1998	1999	2000	2001	2002
Outlays: Discretionary .....	534	524	518	516	520	516	515
Mandatory:							
Medicare <sup>1</sup> .....	196	210	217	226	248	267	289
Medicaid .....	97	104	109	113	118	122	127
Other .....	506	529	555	586	618	642	676
Subtotal .....	799	843	881	925	984	1,031	1,093
Net interest .....	257	262	261	262	260	254	249
Total outlays .....	1,590	1,629	1,660	1,703	1,764	1,801	1,857
Revenues .....	1,412	1,440	1,514	1,585	1,665	1,756	1,861
Deficit .....	178	189	146	118	100	46	-4

<sup>1</sup> Medicare benefit payments only. Excludes Medicare premiums.

Source: Congressional Budget Office.

Notes.—The fiscal dividend expected to result from balancing the budget is reflected in these figures. Numbers may not add to totals because of rounding.

Mr. DOMENICI. I yield the floor.

Mr. EXON addressed the Chair.  
The PRESIDING OFFICER. The Chair recognizes the Senator from Nebraska.

Mr. EXON. Mr. President, I have listened with great interest to my friend and colleague giving his opening remarks in the debate. I would simply thank him for his kind comments, and I agree that we have worked together as friends, not always agreeing on all of the issues but at least we will continue in the future to work together, and eventually that relationship might be the basis for some kind of a workable compromise that obviously is going to have to come about, hopefully sooner than later.

Mr. President, since this budget was unveiled last spring—and we are just now looking at the final details of it that were presented to us for the first time last night as numbers were concerned—we happen to feel that the Re-

publicans are asking the American people a question that was once made famous by Groucho Marx. Groucho said, "Are you going to believe what you see or what I'm telling you?" The American people see a budget that is unfair. They see a budget that showers tax breaks for those living on Easy Street but punishes those slogging it out on Main Street. They see a budget that bestows bucks to the wealthy but passes the buck to working Americans. They see the Republicans pledge to their Contract With America but break the promise of Medicare made to American seniors 30 years ago. They see a budget totally out of tune with the values of fairness and reasonableness that they hold so very dear.

But to this day the Republicans keep trying to spin this budget, blurring its hard edges and test marketing its language as if it were a new brand of cereal. But the American people can see

through it all. The American people see that the Republicans have gone too far, too fast, and the American people are right.

I have spent as much time as any Senator arguing for a balanced budget and working for one. It has been an article of faith with this Senator. It has been an article of faith with this Senator and many others on this side of the aisle who are in general agreement with many Senators on the opposite side of the aisle in this regard.

I must say, though, that one of my biggest disappointments has been our inability to pass a balanced budget amendment to the Constitution. But there is a way, Mr. President, there is a right way to do it and there is a wrong way to balance the budget. Regardless of where it originates, it must be fair, and it must have shared sacrifice. This Republican budget falls flat in that regard.

U.S. CONGRESS,  
CONGRESSIONAL BUDGET OFFICE,  
Washington, DC, November 16, 1995.

Hon. PETE V. DOMENICI,  
Chairman, Committee on the Budget, U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has reviewed the conference report on H.R. 2491, the Balanced Budget Act of 1995, and has projected the deficits that would result if the bill is enacted. These projections use the economic and technical assumptions underlying the budget resolution for fiscal year 1996 (H. Con. Res. 67), assume the level of discretionary spending indicated in the budget resolution, and include changes in outlays and revenues estimated to result from the economic impact of balancing the budget by fiscal year 2002 as estimated by CBO in its April 1995 report, *An Analysis of the President's Budgetary Proposals for Fiscal Year 1996*. On that basis, CBO projects that enactment of the reconciliation legislation recommended by the conferees would produce a small budget surplus in 2002. The estimated federal spending, revenues and deficits that would occur if the proposal is enacted are shown in Table 1. The resulting differences from CBO's April 1995 baseline are summarized in Table 2, which includes the adjustments to the baseline assumed by the budget resolution. The estimated savings from changes in direct spending and revenues that would result from enactment of each title of the bill are summarized in Table 3 and described in more detail in an attachment.

Sincerely,

JUNE E. O'NEILL.

The ugly truth about this extremist Republican budget is that it has no semblance of balance. The overwhelming majority of the mandatory reductions come from only two areas—the first are the means-tested programs that serve primarily low- and moderate-income Americans. The second is Medicare, where three-fourths of the beneficiaries have incomes under \$25,000 a year.

Under this budget, ordinary Americans will pay more through higher premiums in Medicare, through higher student loan fees, through higher contributions for the GI bill benefits, and through cuts of a major magnitude, through cuts of a major magnitude in the earned-income tax credit. The Republicans keep turning the screws tighter and tighter and tighter on the ordinary Americans while opening the spigot of tax breaks for the wealthy.

The \$270 billion in Medicare reductions are extreme. It is far more, far more than the \$89 billion needed to retain solvency of the trust fund as recommended by the trustees. Obviously, when the Republicans had to make a choice between doing right for our parents and doing right for the rich, they, unfortunately, decided to soak it to our seniors to the benefit of the wealthiest of Americans. That is one of the main points that we are most concerned about with regard to this budget rescission that will be vetoed, fortunately, by the President.

The same is true with approximately \$165 billion in Medicare reductions. How many of our most vulnerable neighbors will lose all of their health insurance? No one knows for sure but estimates have run as high as 12 million Americans will lose.

Rural America's fragile health care system could be shattered through the combined Medicare and Medicaid reductions.

Yes, the fix is in for distribution of the tax breaks. If you are making under \$30,000 a year, your taxes are going to go up. The events of the past week are an absolute disgrace and do not bode well, unfortunately, for the future. The extremists have obviously hijacked the Republican Party, especially in the House, where there is no semblance of reason, fairness, or proportion. The House Republicans bared their fangs and they also bared their souls. No wonder the American people believe that Republicans have gone too far and way too fast. What our Nation needed was a simple extension, just this last week, a simple extension of the continuing resolution and the debt limit, a short-term bridge, one might say. What we got from the House were two bills loaded with so much junk that they looked like a truck from the Beverly Hillbillies. So what happened? The Government, unfortunately, is shutting down and default looms. The Republican majority seemed ready to turn Uncle Sam into a deadbeat dad.

What the Republicans did not tell the American public is that their very own

budget reconciliation bill will require that the debt ceiling be raised from the present \$4.9 to \$6.7 trillion by the year 2002. And one of the biggest reasons for jacking up the national debt by \$1.8 trillion is to help pay for the \$245 billion break in taxes for the wealthy.

Every dollar, every dollar for tax breaks, will have to be borrowed or found from some other source, and the American people will have to cover the ever-increasing cost resulting from it in the form of interest.

Since the Republicans clearly need the debt ceiling to be raised to accommodate their budget, why, oh, why, then, did we have to go through this charade of the last week? The answer is an old one. Unfortunately, it is politics. The Republicans are trying to twist the arm of the President of the United States into accepting an unacceptable budget, which the President will not do. They are willing to push this country over the edge just to gain better purchase in upcoming negotiations. That is unacceptable also to this Senator. And I believe unacceptable to the American people.

In spite of all this acrimony over the past month, I still am not without hope. The essayist C.S. Lewis once said that "Our friends are not necessarily people who agree with us, they are people asking the same questions." I feel that way about many of my friends on the other side of the aisle, especially my friend and colleague for so many, many years, the distinguished chairman of the Budget Committee, Senator DOMENICI. For many years we have been asking the same questions about how to balance the budget.

Our time on the Budget Committee goes way back to those days when I first came here, when Senator Muskie of Maine was here and Senator Henry Bellmon was the ranking Republican on the Budget Committee. And I must say that I think looking back to those days, we both had great respect for Senator Muskie and for Senator Bellmon. And I think by and large during our tenure as the leaders of our two parties on the Budget Committee, Senator DOMENICI and I, with our differences, have had to try and carry on that bipartisan spirit as best we could.

For many years then, we, Senator DOMENICI and I, have been asking the same questions about how to balance the budget. This time we came to different answers. But in the weeks ahead we may come to an agreement because I say to all once again, when all the dust clears, and when all the rhetoric is over, then we are going to have to do the true heavy lifting by getting a budget that can pass the House and the Senate and a budget that will not be vetoed and will be happily signed by the President of the United States. That is going to be an enormous task under the obvious difficulties that face us. But in the weeks ahead, I suggest we must come to agreement.

In closing, Mr. President, we should not view compromise as a weakness. I

have always viewed it as a sign of leadership and a sign of maturity. And I believe that is the way the American people understand it. We know this bill will be vetoed by the President. And in spite of the bullying and in spite of the ultimatums, there is no way the President will sign it. To this Senator the first compromise is clear, and it is compelling. The need is there.

We must get together and respond as quickly as we can. Both sides can continue this trench warfare as long as they want, leaving a scorched and desolate landscape. But in the end the heavy lifting, the compromise, mutual understandings are going to have to be reached, and I will be a part of that. If we do not do that, Mr. President, we are going to continue the chaos that we see in America today with the close down of the Government.

Mr. President, I will do all that I can, everything in my power, to help facilitate that process. And I am standing ready once again to do whatever I can to bring a measure of understanding to this body and hopefully in the other body to get on with the budget that is not going to be perfect, but a budget that could be workable and a budget that I feel can be formulated to balance the income and the outgo of the Federal Government in 7 years, as the chairman of the committee has so often stated is a necessity.

Mr. President, I yield the floor.

Mr. GORTON addressed the Chair.

The PRESIDING OFFICER. The Chair recognizes the Senator from Washington.

Mr. GORTON. Mr. President, I yield myself such time as I may use.

Mr. President, in the eloquent and impassioned remarks by my friend, the Senator from Nebraska, outlining his reasons and those of the President of the United States for rejecting this historic proposal, the first proposal which offers to balance the budget in almost 30 years, one two-word phrase stood out, and I believe fairly summarizes his position and that of the President of the United States. That phrase was—and I quote—"simple extension."

Why would not the Republican Party grant to the President, the Democratic Party, a simple extension of what we have already been doing, a simple extension of the policies of the last 30 years, a simple extension of policies which promise us \$200 billion deficits as far as the eye can see, a simple extension of a policy which was phrased elegantly in yesterday's Washington Post as "paying not just for the government we have, but for the government we had and did not pay for earlier?"

The policy of the President, the policy of the minority party in this body is to do just that, not to pay for the Government we have, not to pay for the Government we want, but to consume all of these societal goods and send the bill to someone else, in this case, to our children and to our grandchildren.

GeorgeWillputtinthiscolumn yesterday:

Having sought in 1992 a mandate for an empty idea—"change"—he [that is to say, President Clinton] has come to the arguable conclusion that serious change is more trouble than it is worth. Never a martyr to candor, he will not make that argument. [But] still, he does represent a discernible notion of what the Federal Government ought to do—approximately what it is doing.

And between that idea, simple change, that the Government ought to continue to do approximately what it is doing, and the ideas presented in this budget, there is, Mr. President, a great gulf fixed. We do not stand for a simple extension. We do not stand for a Government which continues to do what it has been doing. We stand for a Government which provides no more in services than it is willing to pay for.

The road to that conclusion, seemingly too radical for our administration or our friends on the other side of the aisle, is, according to them, fraught with great difficulty. But, in fact, of course, Mr. President, it does not mean that we must cut the budget. The budget of the United States will increase by 3 percent in each and every year from now until the budget is balanced. It does not mean that we will cut Medicare. Medicare will grow at almost 8 percent a year—interestingly enough, at a slightly greater rate than it would have grown had we adopted the President's proposals for Medicare that were a part of his health care bill just one short year ago. Yet, this course of action is denounced as inhuman, as impossible, as literally throwing millions of Americans into poverty, principally, I suspect, because to argue its specific content would be to show the shallowness of the opposition to this set of ideas.

Now, is the proposal which has been laid before us by our wonderfully distinguished friend and colleague, the senior Senator from New Mexico, in pursuit of nothing other than some form of ideology that says it is nice to have two columns of figures balanced against one another? If that were the case, arguments against it might have some fairly considerable validity. But that is not the case.

It is this business as usual, this simple extension that caused every American, no matter what his or her age last year, to pay an average of some \$800 in taxes just to cover interest on the national debt; it is this simple extension which causes an American born today to inherit an average debt of some \$187,000 during his or her lifetime just to cover interest on our national debt; it is this simple extension, this love for the status quo that, according to the Concord Coalition, headed by two former Members of this body, one from each party, to report the debt and deficit spending has lowered the income of American families by an average of \$15,000 per year—\$15,000 per year, Mr. President; and it is the fact that the proposal that is before us today is believed, by a very conservative Congressional Budget Office, to have such a positive impact on our economy that

the Government of the United States itself will be \$170 billion better off by the year 2002 than it will be if we grant a simple extension.

That \$170 billion is a small figure compared to the half trillion dollars or more by which the American people will be better off because of better job and career opportunities, higher incomes, lower interest rates on the homes and the automobiles, and the other goods and services that they buy on a time-payment basis.

Those are the reasons, Mr. President, that this proposal is before you. Those are the reasons that this proposal represents such a dramatic change in course, as the Senator from New Mexico reported earlier. In fact, it is perhaps even a greater change in course than he expressed.

He reported, as we have frequently, that the last time the budget was balanced was the year 1969. But balancing the budget in 1969 required only modest changes from budget deficits of the previous years. This deficit and this simple extension does require a degree of political courage and a change of course that has not been matched in the memory of any Member of either House of the Congress of the United States; not matched by my party in the early 1980's; not matched by the other party ever, as far as we can tell.

We are told that this is too much too fast, and the fundamental rationale behind that conclusion is that while a balanced budget may be a good idea in the abstract, not now, not on our watch.

Mr. President, I dredge up into my memory some of my reading in college about St. Augustine, who was reported to have written, and I paraphrase, "Grant me repentance and a new life, O Lord, but not now." That, I think, is the view of those on the other side. The President now, for today at least, holds the belief that maybe we can balance the budget in 10 years, a period of time at least 5 years beyond the end of any term which he could constitutionally hold as President of the United States.

"Lord, let me repent and grant me a new life, but not now, let someone else do it at some later time." That is the difference between the positions represented by this responsible budget which offers a dividend to the American people and their Government of almost a trillion dollars and the course of action advocated by my friend from Nebraska, and I quote, "simple extension." We are not for a simple extension; we are for a new and better course of action.

Mrs. BOXER addressed the Chair.

The PRESIDING OFFICER. Who yields time? The Chair recognizes the Senator from California.

Mr. DOMENICI. I wonder if the Senator will permit me 30 seconds.

Mrs. BOXER. Absolutely.

The PRESIDING OFFICER. The Chair recognizes the Senator from New Mexico.

Mr. DOMENICI. Mr. President, let me comment for Republican Senators, we

are trying to accommodate everybody who wants to speak. If you could send down your names and give us some idea when you might be available in the next 3 or 4 hours, we very much would like to accommodate you because we do want people to express themselves. We have a lot of time. If you can do that, bring it down to the manager's desk and we will try to work it out to everybody's convenience.

I thank the Senator from California.

The PRESIDING OFFICER. The Chair recognizes the Senator from California.

Mrs. BOXER. Thank you very much, Mr. President. I am glad as a member of the Budget Committee that we have finally gotten to this point where we have the reconciliation bill before us, because if ever there was a difference between the two parties, this is the time and the place for all America to see it. And those people who say there is no difference between the parties ought to listen to this debate, because there is a huge difference between the two parties. Both want to balance the budget. The question is, how do you do it? That is the issue. That is why our President has taken such a firm stand and has not blinked and has not wavered, and has said, in fact, that he could not possibly be President of the United States if these values of the Republicans—these radical priorities of the Republicans—prevail.

It is a tough fight. We are all tired. Many of us are very tired. There are a lot of workers today, American workers, who are not getting paid because of this fight. Of course, every one of the Senators is getting paid. Essential workers, who are working, are not getting their paychecks now. But every Senator is getting a paycheck. This Senate voted twice for the Boxer bill—the no budget-no pay bill. It passed unanimously. But Speaker GINGRICH is stopping it from coming up in the House, and now we are having trouble right here in this Chamber. Senator SNOWE, a Republican Senator from Maine, has a very important bill to treat us like every other Federal employee. She is being blocked from bringing it up, for whatever reason. Senator SNOWE and I are going to continue to try to bring it up because it is very interesting that people around here can dish out the pain, but their families do not have to worry. I heard one colleague say, "I cannot do that, I have a mortgage to pay." That is right. So does every other Federal employee out there. The ones who were told to go home wanted to work. They have kids that they love and they are not getting paid. So, yes, this is a very painful fight. It is painful for a lot of people. I know that every single Senator in the U.S. Senate, be he or she Republican or Democrat, has stated in speeches that America is "the greatest country in the world."

This is the greatest country in the world. Why? Because of the genius of the American people, because of the

strength of the people who would lay their lives down for this country, because of our great democracy, which is the envy of the world. But also because of our Constitution.

I am going to read the preamble to the Constitution. When we get elected to this office, be we Republicans or Democrats, we raise our right hands to uphold this Constitution. I want to read the preamble, which is the reason for our Government:

We the People of the United States, in Order to form a more perfect Union, establish Justice, insure domestic Tranquility, provide for the common defence, promote the general Welfare, and secure the Blessings of Liberty to ourselves and our Posterity, do ordain and establish this Constitution for the United States of America.

That is our guidance. That is what we are supposed to do—provide for the common defense, establish justice, insure domestic tranquility, promote the general welfare, and secure the blessings of liberty to ourselves and our posterity. That is why we are the greatest Nation in the world because, all through the years, in a bipartisan way, we have worked to ensure those words.

Now, I believe in my heart of hearts—and I do not know whether it is popular or whether it is unpopular—that this budget that is before us—and I tried as a member of the Budget Committee to make it better, along with my ranking member, JIM EXON, and the other colleagues on that committee—is a radical departure from many years of bipartisanship. This budget is a radical departure from bipartisanship. It destroys, in my view, what has made us the greatest country in the world—values. Values, where we say it is, in fact, important to invest in our children and their education; that it is important to invest in environmental protection. Just look at Eastern Europe when they tore down those walls. It was so polluted, they could not have economic development. But, in a bipartisan way, we passed environmental legislation.

This budget guts education, guts environmental protection, guts protecting our senior citizens. I have been on this floor and debated this with my colleagues, and the script that they have over on that side of the aisle is very clever. "We are not reducing Medicare, we are saving it." Well, the senior citizens know better. I ask you, who do you believe? Speaker GINGRICH, who said Medicare should "wither on the vine"? The Republican majority leader, who said, proudly, a month ago, "I led the fight against Medicare?"

If people in this country believe that the Republican Party, by cutting Medicare by \$270 billion when the trustees tell us you have to cut \$89 billion—if the people of the United States believe that is the party that is going to protect Medicare, then I say: Read history—not ancient history. Go back to the sixties when this program was formed. It was the idea of Harry Truman. It passed during Lyndon Johnson's days.

You know what? The last time we had a surplus was when Lyndon Johnson was President. When the Republicans took over from Jimmy Carter in 1980, I remember when President Reagan turned to Jimmy Carter in a debate and said, "There you go again." He said, "I am going to balance the budget in 4 years." They added more to the debt under the years of Ronald Reagan and George Bush than in all the years from George Washington up to Jimmy Carter. They would have you believe that they are the ones who have always been fiscally responsible.

Ask them why they increased military spending \$30 billion more than the Pentagon asked for. Suddenly, their credentials for cutting budgets fly out the window. When it comes to Star Wars, go, go, go—even though the cold war is over. The weapons systems that were drawn up by the Pentagon so we would be prepared to fight with the Soviet Union are not going away, they are coming back.

Fiscally responsible people. When it comes to gutting Medicare, oh, yes, they are fiscally responsible. They gut it. When it comes to cutting Medicaid, education, the environment, oh, we are tough. But not when it comes to the Pentagon.

When it comes to raising taxes on the people who make under \$30,000, they are tough. We will get more money from those people. That is what they do in this budget. If you earn over \$350,000, you get back \$5,600 a year. What is the matter with this picture?

David Gergen, a Republican, says this Republican budget is harsh. Why does he say that? Because 80 percent of the cuts go to the bottom 20 percent of Americans and 80 percent of the benefit goes to the top 20 percent of Americans.

That is the vote we are going to cast here on this reconciliation bill.

Speaker GINGRICH says it was his intuition—I am quoting him—that led him to a 7-year balanced budget. The President says if we go to 8 years, 9 years, we can soften the cuts.

I hope once this bill is vetoed that there will be some compromise. We were sent here to keep the Government going, to pass a budget. We have to get down to doing just that.

Let me give, in closing, because I see other colleagues have come over to the floor, in very quick version, the top 10 outrageous aspects of this GOP reconciliation conference report.

First, the GOP uses about \$270 billion cuts in Medicare to pay for a \$245 billion tax cut for the wealthy. They are taking the Medicare fund, they are gutting it, and taking the money and giving it to the wealthiest of members. That is probably the top outrage.

Second, the GOP increases taxes on working families by \$32 billion. Outrage No. 2. In other words, a majority of people under \$30,000 a year get a tax increase in this budget.

Third, the GOP drastically cuts the corporate alternative minimum tax. Do

you remember the 1980's when we had lists of corporations that paid no taxes? We fixed it by writing the alternative minimum tax. Some of these corporations actually got refunds—got refunds. We fixed it. This budget reconciliation package takes us back to those bad old days.

Next, the GOP permits corporate raids on pension funds. Can you imagine, you save for your retirement, and in this bill corporations can go in and essentially take your money. The money that you put away every month, and you look at it, how is it growing, how is it going, how is it doing—they can go in there and take that money. That should be disallowed. So we outlawed that. It is back.

While giving tax breaks to the wealthy, the GOP cuts child nutrition.

The PRESIDING OFFICER (Mr. THOMAS). The Senator from Massachusetts.

Mr. KENNEDY. Will the Senator yield?

Mrs. BOXER. I am happy to yield to the Senator.

Mr. KENNEDY. Does the Senator find it somewhat amazing that on many of these issues like billionaires' tax cut, over 90 Members of the Senate, Republican and Democrat alike, voted to change that particular provision, and then when it goes over to the closed doors and closets of the Republican conference it comes back in?

Does the Senator remember when we voted 94-5 not to permit the corporate raiders to rob the pensions? We passed that, Republican and Democrat. It goes over to the conference and it comes right back again. We did that on the discounts for drugs for Medicaid and for public hospitals. It went over and came right back again.

Double billing—to try and collect for seniors who are on Medicare from being charged again. Struck out in conference. Our conferees retained the current law. We passed it, it goes over there, and it comes back again.

Does the Senator reach the conclusion with me that our Republican friends, when it is out in the sunlight they respond to the public interest, and when they are behind the closed doors they have the private and special interests? That is what we are dealing with.

Mrs. BOXER. The Senator is exactly right. When it comes to the corporate raids on pension funds he is right. We voted in a bipartisan way to stop that. Guess what happened? In this conference report, corporations would withdraw as much as \$20 billion from pension funds—up to \$20 billion. These provisions were avidly sought by corporate lobbyists, but many pension experts warn it could endanger the security of the pension funds.

In the light of day they all walk the walk and talk the talk but get behind close doors, there it goes. Everything we fought for on this side goes out the window.

I say to say my friend from Massachusetts who fought hard on this, and

my friend from Minnesota, these are issues they brought here.

That is why I am reading these 10 outrages because suddenly things we fixed are back here again. There are 10 reasons—there are many more than that—but these are the 10 outrages in this reconciliation bill.

Here is another one. While giving tax breaks to the wealthiest among us, the GOP cuts child nutrition programs, including school lunches, by \$6 billion. Is it no wonder that this President is taking such a strong stand?

Next, while giving tax breaks to the wealthy, the GOP cut student loan program by \$5 billion, including rolling back direct student loan program to 10 percent of the loan.

My friend from Massachusetts has stood up here on his feet hour after hour, making the point that the direct loan program means more dollars for the students and cutting out the middle man, if you will. It is very important that we not shut down the direct loan program. They keep it going only for 10 percent of the loans. All the hard work my friend put into this is out the window.

Next, in its Medicaid repeal provision, the GOP eliminates the guarantees of nursing home care for seniors who have exhausted their assets. Imagine such a thing—imagine such a thing.

Of course, there is more on that. We know they have weakened nursing home standards as well.

In its Medicaid repeal provision, the GOP eliminates the guarantee of help with Medicare premiums for low-income seniors.

Next, the GOP protects physician fees under Medicare from any actual reductions while at the same time doubling seniors Medicare premiums. We saw that happen. Suddenly the AMA says, "We will back the plan," because they cut a deal at the expense of seniors. Their fees are going to be just fine, but Medicare premiums are going to double.

How about this: The GOP opens the Arctic National Wildlife Refuge to drilling in this bill. Imagine drilling for oil in a wildlife refuge. It is an unbelievable thought. Why is it a refuge if you are going to allow drilling in it? It makes no sense. But it is in this bill.

I just add, as a California Senator, what else is in this bill? They slipped through a provision—follow this one, my friends—that would allow for the transfer of 1,100 acres of land to Pete Wilson in California, the Governor of California, who is going to take it for \$500,000. Mr. President, 1,100 acres of land, what a giveaway, for a nuclear waste dump, and it is slipped into this bill. What an outrage that is, and what another reason for this President to veto this.

While they transfer the land, they say, "Waive all environmental laws. No environmental laws will apply." So imagine, I say to the American people who may be watching this, you wake up one day and the next day you have

a nuclear waste dump next door to you and all the environmental laws have been waived on it. You cannot even go to court. That is another outrage, a particular California outrage that is in this bill.

So, let me say, if ever people wonder why there is a difference between the two parties, it is synthesized in this budget. And I pray the President will have the continued strength to take the heat.

The Speaker of the House said one of the reasons you got such a tough time here is because the President did not talk to me on Air Force One. Unfortunately for the Speaker, there are pictures that show that not only did the President go back there—here is the picture—but he was intently listening to Speaker GINGRICH. And at another time, the same way.

This is Speaker GINGRICH clearly holding court on Air Force One. He complains he was treated unfairly. I say to Speaker GINGRICH and the people who follow his lead around here, you ought to start thinking of the American people, not the fact that you wanted to spend 3 hours with the President instead of an hour and a half, or you went out of another door. You are not the President of the United States of America.

Mr. LEAHY. Will my colleague yield for a question?

Mrs. BOXER. I will be happy to yield to my friend.

Mr. LEAHY. If I might, just for 3 minutes, and I have spoken to the Senator from Minnesota here who I know wishes to speak, but I would ask this question. When I look at this, I look at this vote as being one of the most significant I will cast in the U.S. Senate. Would my colleague not agree, this is a bill that will punish Vermonters?

It will punish the Vermont economy for years to come. It imposes a radical agenda on the American people that will squeeze the middle class, hurt the poor, and reward the rich.

In my State, I would say, we want a balanced budget. I want a balanced budget. Most Vermonters—Republicans, Democrats, Independents—want a balanced budget. Vermonters want a balanced budget, but they do not want it under an agenda that wipes out most of them. They want an agenda that speaks to all of them.

But this balanced budget is NEWT GINGRICH's agenda. It is not Vermont's agenda.

Would the Senator from California agree with that?

Mrs. BOXER. Clearly, it is his agenda. A lot of it is based on intuition, is what he told the press.

Mr. LEAHY. Will the Senator agree this extreme measure forces working Vermonters to pay more in taxes, makes it a lot harder for them to send their children to college, makes it harder for them to have a safe nursing home for their parents, and that average Vermonters will be making these sacrifices, not to balance the budget,

but to pay for tax breaks for the rich because it will give the wealthy \$245 million in new tax money? Will the Senator from California agree with that?

Mrs. BOXER. My friend is so right. He has a small State. I come from a large State, more than 30 million people. So, I say to my friend, imagine, if you took Vermont and put it into California, and you had many Vermonts to make up all of California, that is what this Senator is feeling. Because for each Vermonter that gets hurt, many more Californians get hurt. So I totally agree with my friend.

Mr. LEAHY. Mr. President, I would say I ask this question to the Senator from California because she represents the largest State in the Union while I represent the second smallest in population. The distinguished Presiding Officer, of course, represents the smallest in population, although one that in land area encompasses our State many times over.

I would also say, if I might, I have traveled many times in the State represented by the distinguished Presiding Officer. It is one of the most beautiful places. Were I to live somewhere other than Vermont, it would appeal to me.

I raise these questions because we have a 2,000-page bill and, whether you are from a large State or a small State, you have to ask what it does. The bill will cut Medicare by \$271 billion over the next 7 years; it will cut payment rates to providers and hospitals; it will make seniors pay higher premiums; it will increase deductibles.

In Vermont, 73 percent of our elderly population have incomes of less than \$15,000. These are things—in a small State like ours, I do not know how we could possibly handle it.

Average Vermonters must make these sacrifices not to balance the budget, but to pay for tax breaks for the rich. This bill gives the wealthy \$245 billion in new tax breaks. The wealthy do not need these tax breaks and we cannot afford them.

The bill's unnecessary cuts in Medicaid, Medicare, student loans, and school lunches will send the Vermont economy reeling. This is the wrong way to balance the budget.

At a time when many working Vermonters are struggling to make ends meet, this budget would hike Federal taxes on low- and moderate-income working families by cutting \$32 billion from the earned income tax credit—a program the rewards work and compensates for low wages.

This Federal tax increase also would raise State taxes in seven States, including Vermont, that have a State earned income tax credit. As a result, 27,000 Vermont working families earning less than \$30,000 a year would be forced to pay higher taxes. This is a double whammy for working families.

This budget bill would leave my home State in an economic crisis for years to come.

I would say, as I have been saying since June or July on this floor, let us



come together, Democrats and Republicans. Let us forge a bipartisan consensus that will balance the budget but gives educational opportunities to our children, allows us to have safe nursing homes for parents, gives opportunity for working people.

I thank the Senator from California for doing me the courtesy of making these points. I appreciate it.

Mrs. BOXER. I thank the Senator for his questions, and I yield the floor.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from Washington.

Mr. GORTON. Mr. President, I yield such time as the Senator from Mississippi requires.

Mr. LOTT. I thank the distinguished Senator from Washington State.

Mr. President, first, I would like to express my sincere appreciation for the great work that has been done on this very important legislation, the Balanced Budget Act of 1995, by the chairman of the Senate Budget Committee, the Senator from New Mexico. Senator DOMENICI has been prepared for this moment by many trials of fire. He has been through the budget battles for 15 years at least now. They have always been tough, but none have been as tough or as important as this one. There is no question, without his experience and without his dynamic leadership, without Senator DOMENICI we would not be here today. I want the record to reflect my sincere appreciation for his work, and also for the outstanding work done by Senator ROTH, who is the new chairman of the Finance Committee. He moved into that chairmanship at a very critical time. He quickly got on top of the issues and has provided genuine leadership in producing a big chunk of what is in this balanced budget bill.

Of course, I want to recognize the majority leader. Senator DOLE has put many, many hours into this effort. As the negotiations on the conference report went forward, he was there and met with the conferees and subgroups and spent literally hours making this possible. So I commend those three gentlemen for their outstanding work.

Many staff people have been involved in it too, and many Members on both sides of the aisle have worked in good faith to try to come up with a genuine balanced budget.

Finally, we are getting to what this whole year has been about. Finally, after missing the target many times, the Washington Post this morning got it right. The Washington Post reported, "Clinton reiterated his opposition on the grounds that it cuts spending too deeply and commits him to balancing the budget in seven years." That sums it up. That is what we have been going through here for the last few days—in fact, all year. The President wants spending increases in almost every program, and he does not really want a balanced budget.

With this bill he is going to get the balanced budget he doesn't want. He

will get an opportunity to sign it and confirm that he in fact means what he says when he says he is for a balanced budget, for changes in Medicare, for welfare reform and even for tax cuts. He has advocated those, too, on occasion. Or, if he vetoes it, then we will have to wonder, what does he really mean when he says he supports those goals?

But, in the end he is going to have to sit down together and talk. We are going to have to come together, and we are going to have to come to an agreement. The agreement will be that we are going to have a balanced budget in 7 years. I think that, finally, Republicans and Democrats alike now acknowledge that is what we are going to do.

The question is: how do we get there? I am sure the priorities will be argued over as we go forward, but we are setting our priorities here today. We are setting out in this Balanced Budget Act of 1995 what needs to be done. I am very proud that we have stepped up to the task, and we are going to achieve it in a responsible, honest and fair manner.

This balanced budget is accomplished by controlling the rate of growth of spending. How many times will we hear from the other side that this program is being cut, that program is being slashed? They keep missing the fact that, in getting the budget under control, what we are really doing is not cutting and slashing programs; what we are doing is controlling the rate of growth.

Mr. KERRY. Will the Senator yield?

Mr. LOTT. The American people would be shocked to find out, as a matter of fact, even with this balanced budget, there will still be an annual growth of 3 percent in Government spending.

Let me say that again. Federal spending will grow at an annual rate of 3 percent.

So how do you call it a cut when you have a growth, even at a time when we are moving toward a balanced budget?

Let me ask the Senator to let me continue. I waited a long time, and I have a meeting I am supposed to attend in just 10 minutes. Let me continue for a few minutes, and I will be glad to yield, get in a dialog with the Senator from Massachusetts, unless he just wants to ask a unanimous-consent request or something.

Mr. KERRY. Mr. President, I did want to ask the Senator a question, but I appreciate that.

Mr. LOTT. Let me continue for a few minutes. We have a time agreement and we want to make sure we keep it even. We are a little bit behind time. Let me go ahead, and I will yield in a few minutes, if the Senator would not mind. I would be glad to get into a discussion with the Senator from Massachusetts because I know he is interested in this, and I know he wants to help find a way to get to a balanced budget.

But let me make some points we have not heard yet in speeches that have been given. And I think it is important we get them on the record.

This is where you put up or you shut up. My friends, this is it. Now, are you for a balanced budget or not? A dozen or more Senators on the Democratic side have voted for a constitutional amendment for a balanced budget. You voted for it. Not all of them this year, but some this year and some in previous years. Maybe they were for it some years and not this year. And every Republican has voted for balanced budget constitutional amendments.

Also, this very week the former chairman, now the ranking Democrat member of the House Budget Committee, stood up and said he was for a balanced budget in 7 years. Many of our colleagues over here on both sides of the aisle have said they are for a balanced budget. Well, when and how? What we hear over and over again is, oh, yes, we are for a balanced budget but not here, not there, not somewhere else.

My friends on the other side of the aisle, you cannot get there unless you are willing to step up to the task of controlling the rate of growth of spending or by raising taxes. Oh, and you have demonstrated that you know how to raise taxes. This is where you get a chance to vote for real spending control that will get us to a balanced budget.

Where is your plan? No, you do not have a plan. All you say is you cannot do it here; you cannot do it there. A few of you did try an alternative. It got, I think, 19 votes in the Senate—19 votes. In the House there were a few remaining Democrats that said, hey, we have to have some alternative. Congressman STENHOLM from Texas and I think maybe even the former chairman of the Budget Committee over there, Congressman SABO, did have a package that got 80 votes. And they had some good proposals in there. At least they had a proposal.

Mr. CONRAD. Will the Senator yield for a question?

Mr. LOTT. Just for a brief comment. As I said earlier, if I start yielding, I am never going to get to make my remarks. I listened patiently while the Senator from California, Senator BOXER, went on at great length.

Let me make my remarks, and then I will be glad to yield.

I believe the Senator is one of the Senators who did have a proposal. I think it got around 19 votes.

Mr. CONRAD. Mr. President, I would just say that we had two proposals. One got 39.

Mr. LOTT. Thirty-seven.

Mr. CONRAD. Thirty-nine out of forty-six Democrats for a balanced budget.

Mr. LOTT. Good. I would like to hear you at least say how you would get there. And, of course, what they always say is, "Cut defense, cut defense, cut



defense." We have been cutting defense. It is going to take a little more than that. So I think maybe it is important I get to the details of how we achieve a balanced budget.

It is achieved by controlling the rate of growth throughout the Government. Every committee in the Senate has had to face up to this task, and it is never easy. Every committee, from the Commerce Committee to the Interior Committee to the Defense Committee, has had to come up with its allocated savings, and we have done it. So it is throughout the Government. We will have a decreased rate of growth in spending on interior, defense, agriculture—something I do not particularly like, but, yes, agriculture had to ante up, come up to the table and kick in a little bit—energy. Everybody has had to participate.

Now, let me talk about education. So many bits of misinformation are being put out in that area. Education is not being gutted. In fact, the Senate language was accepted in this conference report. That language was accepted with an amendment on a bipartisan vote, as I recall. That language prevailed. I wish to emphasize this, too. There will be no direct student impact. Now, some banks will be impacted, maybe some institutions, but not the students. Who are my friends on the other side of the aisle really standing up for? The students will not be impacted.

We do control the rate of growth in Medicare. It needs to be done. You cannot have a program that grows 10 percent or more every year over the previous year. I wonder, is maybe a growth each year of 7.7 percent enough? I wish to emphasize that. Under the MedicarePlus Program in this bill, Medicare will grow at a rate of 7.7 percent. That is an increase in case "grow" is not clear enough. It will go up.

It was alleged a while ago that deductibles will go up. That is inaccurate. Deductibles are not touched in this package. What we do is control the rate of growth.

As a matter of fact, the individual per capita Medicare will increase from \$4,800 today to over \$7,200 in the year 2002. Now, you can only demagog Medicare and scare elderly people so long. But they understand that there are some improvements that need to be made in the program. We must step up to the needs of Medicare so it will not be insolvent or eventually bankrupt. We have to make some decisions that will allow more choice in the Medicare Plus Program, and that is what we have done in this bill.

We have dealt with Medicare's problems; we have preserved it; and in fact, we sincerely believe we have improved it.

With regard to the MediGrant Program, previously referred to as Medicaid, that, too, will grow. As a matter of fact, the MediGrant Program will grow from \$90 billion this year to over \$127

billion in the year 2002—a 5.2-percent average annual increase.

Now, how can you scream and holler that we are cutting the program when in fact it is going to grow from \$90 to \$127 billion—5.2-percent average annual increase. And the same is true with programs serving the needy. Those programs will grow over the period of this balanced budget effort from \$98.2 billion to \$132 billion—a 34-percent increase in the next 7 years for programs serving the needy.

My friends, we are making tough choices, but we are making sure that the Medicare Program is going to be there and will grow to serve the people like my mother and my family, my children I hope. The same is true with Medicare and the programs serving the needy.

Let me talk about another Medicare issue, something that I am sure is going to get neglected. I have seen statistics—and I believe it is true—that as much of the money that we spend for the Medicare Program, as much as 10 percent of it may actually be wasted through fraud and abuse. We all know there is a problem with that. And there is an effort in this exercise to deal with that problem. That is a significant amount of money that we can save or redistribute to the elderly that really need the help.

All through the day I am sure the bulk of the debate will be about the balanced budget effort, and it should be, but there will be a lot of effort to distort—distort—what we are trying to do with giving some tax relief to the working people of America.

It is a novel idea, I know, letting the people who work and earn the taxes keep a little bit of their money. Novel, but it is something that I would like to see happen. There are those who say, "Well, that won't benefit the poor." If you are not working and paying taxes, how can you get a little tax relief? That is what we have the needy programs for, for those who are in that category. But I am worried about the shipyard worker and the paper mill worker and the farmer, the young businessman, young entrepreneur who wants to make a little money and create some jobs; give them a little incentive. But I wish to go down the list and talk about what is really in this bill.

First of all, even with the \$245 billion tax relief in this package, Federal taxes will still increase from \$1.4 trillion to \$1.9 trillion. So we give a little tax fairness, a little tax relief and yet Federal taxes will still grow dramatically, way too much, in my opinion.

I do not guess you talk to the same constituents I do. When I go home, people hammer me and complain about how hard they work and how much they are paying for taxes. They want a little relief.

It is easy to say, "Oh, yes, we can't have these terrible tax cuts, you know, for the wealthy." But let me ask my colleagues on the other side of the aisle, which one of these programs it is

you are really against. You indict it en bloc. But look at the specifics in the bill and tell me what it is you do not like.

Do you not like giving some relief from the marriage penalty? How many of us stood up over the years in the House and the Senate and said, "The marriage penalty, how unfair. How can it possibly be?" You get penalized if you get married. Do you want marriage penalized or not? Are you opposed to that? I do not think you will stand up and say that, not a single one of you.

How about a spousal IRA? Why should the homemakers working in the home be able to have an IRA like everybody else in America? We are all for that. "Oh, yes, we're all for that." Sure. OK. So, we will accept that.

Are you opposed to the adoption credit? Would you not like to give people a little incentive, a little help in adopting children? Oh, yeah, you would like that. How about the deduction for custodial care? You probably like that, too. Do you think that individual retirement accounts are a good idea as a whole, especially if it is the super-IRA that allows you to use, without tax penalty, your IRA for your first home mortgage, for education, or medical expenses? I will bet you like that. And also, by the way, it is limited to the middle-income people, not to the wealthy.

I would like to see everybody entitled to have more IRA's. They encourage something we need in America. It is called more savings. We go over to meetings with parliamentarians from other parts of the world, and one of the things we hear about our problems from economists, and everybody else, is Americans do not save enough. It is because you get penalized in America if you try to save. So we have some additional consideration for individual retirement accounts.

We have in this bill a deduction for student loan interest. Anybody want to stand up and oppose the deduction for student loan interest? No. Even the President wants more than that. He wants us to be able to deduct all of the expenses for education. Frankly, I like that idea.

But as you go down this list, and this tax cut, what we are talking about is putting some fairness back in the code, getting rid of some of these things, like the marriage penalty, and creating some incentives to encourage savings.

And the capital gains rate. If we cut the capital gains tax rate—and we are going to do it in this bill—it will have a tremendous impact on growth in the economy. So many of us now get so deep into argument over spending and the balanced budget that we forget to talk about, how do we get some continued growth in the economy? How do we create jobs? It is great to talk about welfare reform with work required at the end, but what can we do to help ensure that there are jobs being created?

The capital gains rate cut is a little relief by cutting that capital gains rate down to 18.9 percent.

The President says he is for that. And that is not hearsay. He has told this Senator, personally, "Yes. I like the capital gains tax cut." And I believe he still thinks that. Maybe we will not know for sure until later. But if you want to complain about a capital gains rate cut that might go to some people that are making use of it, including people that just maybe want to sell their home and are entitled to a little break there, I do not believe you want to really stand up and oppose that.

We provide some relief in estate taxes. I have never understood how we got into the process of taxing death. Why should a couple that works all their lives when they die have their estate taken away because of ridiculous, excessive, in my opinion, estate taxes that should not exist at all? We provide a little estate tax relief for family-owned businesses and farms.

So if you go through this whole tax cut package, we have a special low-income housing tax credit that is included in this package. Medical savings accounts—I think this is a great idea. Give people some incentive, a little encouragement, to have a medical savings account on their own.

This is a good package. And it is going to provide more fairness to the Tax Code and going to create growth in the economy. It is an important component of this whole package. I really do frankly think that the growth estimates that we are dealing with are low. I think we are going to have more growth.

I think the package is going to contribute to an explosion of activity in the economy. I think there is going to be more growth than we are now projecting. But I do not want to spend it before we get it. Let us see what happens. If we get down the road a couple years and everything is doing great, because we had the courage to pass a real tax incentive package, then we can have maybe another unusual idea—let the people who pay the taxes get a little bit more of their money back.

So my colleagues, I think a good job has been done here. I think it is time to quit whining and growling and pointing fingers. We have been through all of that.

This is a good and balanced package. Let us get it through. Let us go ahead and pass it as we are going to do tonight, and I hope with some Democrat support. I think maybe we will. And let us see what we can do to get it signed into law and have, for the first time in my 23 years in Congress, a balanced budget proposal that will actually get us to a balanced budget in a reasonable period of time, 7 years.

Mr. President, I would be glad to yield to the Senator from Massachusetts at this point. I would like to ask, at the suggestion of the floor leader, at this time that it count against the

other side's time so we can keep a balance. Under these rules, we only have 5 hours each. So, would the Senator from Nebraska yield a little time to the Senator from Massachusetts, if he would like to ask questions?

Mr. EXON. I would not object to yielding. I would simply say that this is a very difficult position that I am in. We have plenty of time, but we have an awful lot of Senators wanting to make a speech that I think is very, very important. Therefore, I do not believe I would be interested in yielding any significant amount of time because there have been several Senators that I have stacked up waiting now.

How much time would it take to ask the question of the Senator from Massachusetts?

Mr. KERRY. One minute.

Mr. EXON. I am pleased to yield 1 minute.

Mr. LOTT. I will be glad to respond.

Mr. KERRY. I simply would like to ask my colleague, how he can persist in the myth that there is not a cut, when you unilaterally take a certain amount of money that is available for a fixed set of benefits and you cut that amount of money, even if it still is only a reduction in the rate of growth? How is it not a cut, if the growth in the population of people expecting those benefits continues at a rate that exceeds what is provided in your budget? How is that not a cut?

Mr. LOTT. The Senator said it himself, "even in those areas of growth." It goes from \$4,800 to \$7,200 over the 7 years. In the Medicare-Plus program that is a growth any way you slice it. But also we are not just dealing with numbers. We are also making programmatic changes.

We are trying to give incentives for people to find ways to maybe get Medicare at less cost. That is the idea behind the medical savings account. And that is the idea behind encouraging people to take advantage of whatever it is, the physicians services organizations, HMO's. A whole variety of new ideas can be pursued through this legislation. And also we believe we can just—and in a bipartisan way—have a process to get at the fraud and abuse. That is 10 percent of the cost of this program that we can then use to help the people that need the help in the Medicare area.

Mr. KERRY. I wish we had time to pursue it. I do not now, but I will when I speak.

Mr. LOTT. I yield the floor, Mr. President.

The PRESIDING OFFICER. Who yields time?

Mr. EXON. Mr. President, I would like to get some order now if we could. We have plenty of time, but we are having difficulty meeting the schedules of the individual Senators. At 3:15 we had this list in their order of appearance on the floor: Senator WELLSTONE, Senator BOB KERREY, Senator KENNEDY, Senator DORGAN, Senator CONRAD, Senator John KERRY and Senator PRYOR.

Senator WELLSTONE will be first. He has indicated to me that he would like 10 minutes. May I inquire of the other Senators about how much time they would take when I yield, so the other Senators would have some idea of time.

Mr. KENNEDY. Fifteen minutes.

Mr. EXON. Fifteen. All right.

Mr. CONRAD. I would like 15 as well.

Mr. EXON. Fifteen.

Senator DORGAN, 15?

Mr. DORGAN. Yes.

Mr. EXON. Does Senator CONRAD ask for 15?

Mr. CONRAD. Yes.

Mr. EXON. Senator JOHN KERRY, 15?

Mr. KERRY. Yes.

Mr. EXON. Senator PRYOR?

Mr. PRYOR. Fifteen.

Mr. WELLSTONE. Can I say to the Senator from Nebraska, I will try to do 10. If I go a little over—why not put 15? Put 15 and I will try to do 10.

Mr. EXON. You bid first. I ask unanimous consent at this particular time, upon recognition from the Chair, that the following Senators be recognized in this order charged to our time: Senator WELLSTONE, 10 minutes; the following Senators 15 minutes each: Senator BOB KERREY, Senator KENNEDY, Senator DORGAN, Senator JOHN KERRY and Senator PRYOR.

Mr. WELLSTONE. Mr. President, true, I was here waiting for a long time. I would like 15.

Mr. EXON. I correct the RECORD. The only change is the Senator from Minnesota gets 15 minutes instead of 10 minutes.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. WELLSTONE. I thank the Chair. Mr. President, as I listened to my colleague from Mississippi—and I am really sorry he is not here, and the reason he is not here, he has other work to do. We speak and we leave. He is not here because he is unwilling to be engaged in debate. He certainly is.

In many ways, I think this debate goes way beyond the whole question of a balanced budget, since I think all Senators believe we ought to pay the interest off on our debt. But I am reminded of David Stockman's book in the early 1980's, and I think this Gingrich agenda is not really about balancing the budget. I think it is about overturning 60 years of people's history, because if it was about balancing the budget, there would be some standard of fairness.

If it was about balancing the budget, you would have military contractors that would be asked to sacrifice and would be asked to tighten their belt.

If it was about balancing the budget, you would not have all of these tax giveaways which disproportionately flow to those people at the top of the income ladder.

If this was about balancing the budget, we would have everything on the table and all of those tax loopholes and tax breaks and tax giveaways that the Pulitzer prize-winning journalists

Bartlett and Steele talk about in their book "America: Who Really Pays Their Taxes," all of that would be on the table.

I do not even think this is about balancing the budget, because if it was about balancing the budget, we would be looking at all of those areas, and we would be asking all of the citizens of our country to be willing to be a part of the sacrifice, because they are more than willing to do so.

This is not about balancing the budget. This is about overturning 60 years of people's history, and there is going to be one heck of a debate on the floor of the Senate, but most important of all, there is going to be a huge debate in this country, and let me give but a few examples.

Mr. President, in 1965, we passed the Medicare and the Medical Assistance Program. There was a reason we passed those programs. They did not represent Heaven on Earth, but they made life a lot better for people who were elderly and also low-income people. There are imperfections. We can do better.

But I want to just say to my colleagues that this Gingrich agenda—I have called it very reckless with the lives of the people in our country—let me just tell you that it will have a very serious and a very negative impact on the lives of Minnesotans.

I said it before when I was debating Haley Barbour the other day on a show, he was talking about this agenda—and I will not put words into his mouth, he is not here to debate me; that is not fair—but I kept coming back to him and saying, "You don't know my State: In my State, we have already kept the costs down and now you are penalizing us for keeping costs down?"

I said, "You don't know my State: In greater Minnesota, in rural Minnesota, many of our caregivers, our hospitals, our doctors, our clinics have a patient payment mix where it is 60, 70 percent Medicare."

"You don't know my State." I went on to say, "You don't know my State: Seventy thousand senior citizens in Minnesota are poor. Stop talking about the elderly as if they are affluent."

"You don't know my State: The median income for elderly people is \$17,000 a year and, on the average, every year they pay \$2,500 out of pocket."

"You don't know my State: Many of them can't afford prescription drug costs."

"You don't know my State: My mother and father are no longer alive. They both had Parkinson's disease. Without Medicare coverage—they never had any money—they would have gone under."

I just feel as if the people who designed this agenda do not know my State. I think they have moved way beyond the goodness of people in America. It is too extreme and it is too harsh.

"You don't know my State: 300,000 children are covered by medical assistance. We have done a great job in Min-

nesota using that program as a safety net for children."

"You don't know my State: Many families are able to keep a severely disabled child at home because of medical assistance and now they worry that they may not be able to do that."

"You don't know my State: Two-thirds of the people in the nursing homes receive medical assistance, and we are trying to figure out who makes up that gap."

Mr. President, I heard my colleague from Mississippi say it is about values. He is right, it is about values. And I will tell you something right now. I am confident that Minnesotans believe it is far more important to invest in health care and the health and intellect and character of young people—education—and also to provide children with a chance than it is to give away all these tax breaks to large corporations, to have these tax giveaways, \$245 billion mainly going to people on the top, to have a Pentagon budget that is over what the Pentagon asked. You better believe it is all about choices. That is exactly what it is about.

But this Gingrich agenda is not an agenda to balance the budget. It is an agenda to move our country not into the 21st century but back into the 19th century.

Mr. President, we did not get it right in the last 60 years, but we made gains for people. We developed a safety net. It did not mean that every child had it so good. But at least we made it better for children. We had a safety net that at least gave us some assurance that children would not be so impoverished that they, in fact, would go hungry.

I argue, if we are going to talk about values that I believe as a Senator from Minnesota, I believe as the son of a Jewish immigrant from Russia, I believe as a former college teacher, I believe as a father, and I believe as a grandfather that every infant, regardless of gender and regardless of race and regardless of income and regardless of rural or urban, should have the same chance to fully develop his potential or her potential.

Now we have a safety net program for low-income children slashed by \$82 billion, \$17 billion more than the Senate "welfare reform" bill. Now we have the School Lunch Program cut by \$6 billion.

We have had two studies, one of them by Health and Human Services and one of them by the Office of Management and Budget, and those studies told us something we did not want to know, or at least some of my colleagues do not want to know, which is that these cuts in these programs will mean that there will be more impoverished children in America and more children will go hungry in America.

This is all about values, that is for certain, but it is not about balancing the budget.

I brought to the floor of the Senate an amendment, and it says we could cut \$70 billion by just having some tax

fairness. We have a Tax Code for regular people; we have a Tax Code for privileged people. I looked at a number of different areas. I looked at the minimum tax, retaining the minimum tax for large multinational corporations in this budget bill; that is no longer there. I looked at subsidies for oil companies and coal companies. I looked at subsidies for pharmaceutical companies, and the list could go on and on.

Mr. President, what my colleagues do not tell you about are these tax giveaways, all the cuts in capital gains tax, all the cuts in rapid depreciation allowances, you name it. People in this country do not believe that we ought to at this time of tight budgets, at this time of deficit reduction be doing this in such a way that we ask the citizens to tighten their belts who cannot tighten their belts; that we target the elderly, we target people with disabilities, we target children, for God's sake, we target working families, families with incomes under \$27,000 a year. But, at the same time, we have tax giveaways for the wealthy. We do not take on any of the corporate welfare. We let all these large companies continue with all of their tax loopholes and all of their tax breaks, and the military contractors have it just fine.

Mr. President, this is not about balancing the budget. This is an effort on the part of my colleagues to essentially say that they do not believe in a country where we focus so much on education, and equality of opportunity, and adequate health care for people, health care that is delivered in a humane and dignified way; they do not think the public sector should be involved in this area. As a matter of fact, they think when it comes to some of the most pressing problems of people's lives, there is nothing the Government can or should do.

That is a great philosophy if you own your own large corporation. But if you do not, if you are in the majority in this country, what we are talking about right here is an assault on what is the dearest principle of this country, which is equality of opportunity.

Mr. President, this is not a debate about balancing the budget. This is a debate about what this country stands for. This is a debate about the very values people hold dear.

I will tell you right now, Mr. President, people in this country do not believe in the harshness of this Gingrich budget. They believe it is mean-spirited, they believe it is extreme, they believe it goes too far. And the more people come to understand what is in this budget proposal, the less they are going to like it.

As a Senator from Minnesota, I am very proud to speak on the floor of the Senate on behalf of what I consider to be the vast majority of people in my State. I am proud to speak against this budget proposal. I do not believe that this proposal is good for this Nation. I do not believe that this proposal brings this Nation forward. I think it turns

the clock backward. I think most people in the country believe that.

I think the President, without a doubt, will veto this, and we will have a debate again, based upon substantive work, based upon what I hope will be a set of proposals that will make this Nation all that this Nation can be.

This budget ought not to be accepted. This budget should not pass. It will. This budget will be vetoed by the President. He should do so. As far as I am concerned, we can have a debate about the values. We can have a debate about choices, and we can have a debate about priorities for America, and we can take it right to the 1996 election.

I will be proud to say to Minnesotans that I am the children's Senator and that I fight hard for senior citizens. I will be proud to say to Minnesotans that I am a health care Senator. I will be proud to say to Minnesotans that I am an education Senator. I will be proud to say to Minnesotans that I think some of the heavy hitters and large special interests ought to also be asked to tighten their belts. I will be proud to say to Minnesotans that my vote, my debate, my words, and what I do as a U.S. Senator is based upon a Minnesota sense of fairness. That is lacking in this budget. It should be defeated.

I yield the floor.

Mr. ABRAHAM addressed the Chair.

The PRESIDING OFFICER. The Senator from Michigan is recognized.

Mr. ABRAHAM. Mr. President, I yield myself such time as I may need. I will be very brief.

Mr. President, I guess two people can look at the same bill and see different things. I have a hard time looking at our Balanced Budget Act of 1995 and seeing the kind of recklessness in values and concerns the Senator has just spoken of. I see a whole different picture in front of America if we do not pass this act.

What I see as reckless is spending the country into the debt we are headed toward, in which children, in their lifetime, will pay \$187,000 just in interest on the Federal debt that will grow during their lifetime if we do not bring this under control. That is the kind of unfairness to children in America we are here to end today. When we are talking about values, I can think of no values more important than the long-sustaining values of this country, and that we pass on to the next generation more than we inherited, not less. Yet, that is the direction in which we would head if we do not balance the budget and pass this act today.

To expand more on that, I now yield 15 minutes to the Senator from Missouri, Senator ASHCROFT.

The PRESIDING OFFICER. The Senator from Missouri is recognized.

Mr. ASHCROFT. Mr. President, I thank the Senator from Michigan for yielding time to me.

It is true that different people can look at the same thing and see dif-

ferent things. As the Senator from Michigan has aptly stated, some look at this package and view spending \$4,800 in 1996 per recipient to \$7,000 in 2002 per recipient as a cut. I think you have to be a very substantial pessimist to call an increase of \$2,200 over a base of \$4,800 a cut—but that is how some people are choosing to view it.

I personally do not think it is nor do I see it as a cut. I see it as an increase. It is this precise inability to come to the same conclusion from viewing the same set of facts that sometimes confuses us. However, sometimes—as a single individual—you can look at the same thing—time and time again—and see something different all the time.

For instance, you can look at the President of the United States and try and find out whether he wants a balanced budget at all, or whether he wants a balanced budget in 7 years, or whether he wants a balanced budget in 10 years. You could look at the President of the United States and try and find out whether he wants to use the figures of the Office of Management and Budget, which is the political arm of the Presidency, or whether he wants to balance the budget according to the nonpartisan Congressional Budget Office.

Depending on when you look at our President, you get a different reading. You and I know that he said, when he was a candidate, that he wanted a balanced budget in 5 years. Later on, he came to us with a budget that would never balance. Then he came with one that would balance in 10 years, but only if you use the partisan figures of his Office of Management and Budget. In between times, he said 7 to 9 years.

So looking even at the same President, you might see far different things. It is, in part, because the President has not been firm. He has not reflected the kind of dedication and commitment to a balanced budget that indicates that he has a plan for one. As a matter of fact, the President has not had a budget at all. Well, he did send a budget up here, and it was so unrealistic that it lost 0-99. His second budget, the so-called balanced budget, was voted down 0-96. Not a single Member of the minority party voted in favor of either budget.

As we have been trying to find ways for the President to maintain the operation of Government in the last several days, we have seen the same President, but we have seen something vastly different every time we have seen him. At first, he says it is the Medicare problem. He cannot bear to have spending increased only from \$4,800 to \$7,000 per Medicare recipient per year over the next 5 or 6 or 7 years. That is not a big enough increase.

The truth of the matter is that the provision we are going to send him in the Balanced Budget Act of 1995 has bigger increases in Medicare than he originally requested. He asked for 7.1 percent, I think, and we are sending a budget that has a 7.7 percent. He

threatened to veto our proposals due to both his effectiveness and willingness to scare people over Medicare.

Medicare also was his main concern when trying to pass the continuing resolution. Therefore, we decided to send him a continuing resolution without a Medicare provision. When we ripped off the Medicare mask, what did we see? We saw a President concerned about regulatory reform. He said "I would not want to sign something that has regulatory reform associated with it." I said to myself, is this the same President that, in the past, has said, "We want and need regulatory reform, and we need to free this economy, and we need to unshackle the economy so we can have more jobs, growth and opportunity"? Apparently, not at the moment, because he said, "If you have regulatory reform or the criminal justice system reform in the package\*\*\*\*—oh, about 20 years ago, the President and I had the privilege of each being an attorney general. We all know the way in which the criminal element manipulates the criminal appeals, and how the habeas corpus laws are abused. We saw them operate as attorneys general. We saw them operate as Governors. We see them operate now.

I believe he really knows that we need to reform the criminal appeals process, but he said he did not want to sign a continuing resolution containing criminal appeals reform. So we took the criminal appeals and regulatory reform out. We even took the provisions strengthening, protecting and preserving Medicare out of the continuing resolution and sent it to the President. It became clear, after ripping off all the masks—the Medicare, the regulatory reform and the habeas corpus reform masks—the real reason for his veto. His real reason for vetoing the continuing resolution can rest only on the single condition that now attends the continuing resolution, and that is the condition of a balanced budget in 7 years, with honest CBO figures.

A balanced budget is important. It is important that we understand that a balanced budget is not a sacrifice for this country—it is a substantial investment in this country.

We talk about cuts and we use the phony language of Washington to make it a cut. When you have an increase from \$4,800 per year per capita to over \$7,000 per year per capita, only in Washington, DC, does a \$2,200 increase on a \$4,800 base per capita result in the ability of some individuals to call it a cut.

Not only do we not cut spending, we make substantial improvements and give substantial opportunities to the American people.

The benefits have been quantified. The econometric studies have been conducted. The ideas have been distilled. The forecasts have been made. Here is the forecast: Nearly \$11 billion more to our gross domestic product will result from a balanced budget.

That is real growth. That is real increase. An additional \$32 billion in real disposable income to American families will be realized in the time period covered.

More than 100,000 additional new houses will be built over the next 7 years. More than 600,000 new cars will be sold in America over the next 7 years as a result of the discipline, as a result of the priority setting, as a result of this country doing what every family has to do on a regular basis. That is—sit around and say what can we afford, what can we not afford, how can we structure what we are doing—how can we achieve prosperity rather than continuing our decline.

That prosperity is important and it will make a big difference to people who are buying houses. They say \$10,000 less for payments for people on a \$100,000 home loan—a \$10,000 bonus for a family in addition to the tax relief for families in the bill. You consider other areas where the family is borrowing money, such as car loans and student loans. The impact on our culture is not an impact of shared sacrifice. This is an impact of enjoyed benefit.

We balance the budget. Not only are there more jobs, 100,000 new houses, 600,000 more new cars in the country in the next 7 years, but also we have this vitality in the economy that gives us all great opportunity.

Our President, though, is unwilling to make a commitment to join us, to join us in the necessary discipline to balance the budget.

I am afraid we have found ourselves backed into a political corner. He is saying he cannot do it because of Medicare. He is saying he wanted to increase Medicare by 7.1 percent, and this bill increases Medicare by 7.7 percent. This proposal significantly exceeds his own proposal. Yet he holds up Medicare as an attempt to scare the American people.

Not only do we spend substantially more for Medicare but we are going to provide ways for people to use what we spend to be much more effective. All the marketing, all the revolution in the health care professions to restrain costs and to expand service and to improve the product available to the American people and the private sector really has not been available in the public sector. That is why the public sector's costs have soared.

Well, in the private sector for medical costs we have seen a leveling off of those costs, the HMO's, the PPO's, the ability of physicians to join together in order to offer services. All of those things are part of the program in addition to moving people from \$4,800 a year to over \$7,000 a year. That is not just a gross number but a per capita number, taking into account the demographic projections that seem to frighten our colleagues on the other side of the aisle so dramatically.

It is time for us to understand this is a great opportunity. We have come to a

crossroads in American history. We are at a turning point. It is a turning point that we need to recognize and understand.

It is whether or not we will conduct business as usual, whether we are just going to go merrily down the beaten path of massaging the old hot button of acquiescence in the demands of this or that special interest group, and continue to run the printing press which publishes the debt of the United States. It is whether we are going to generate at higher and higher volumes to the detriment of our children, or whether we will make some important decisions about allocating our resources.

There are tough decisions, but they are not impossible by any stretch of the imagination. There are a few areas where there are real cuts, but frankly there are many more areas where we just restrain the growth. We bring Government under control.

This is a question about Government control, whether we will control Government or whether Government—out of control—now will spend so much of the next generation's money that it will control everything that they do.

If kids who are born this year are going to have to spend \$187,000 just to cover the interest costs on the national debt during their lifetimes, their spending will be controlled. They will not have the opportunity to decide to do other things. They will have an obligation which will simply lock them into paying for the excesses of our consumption. We can turn that around, and we can turn it around now. We have not done so since 1969. We have not had the encouragement. We have not had the integrity. We have not had the tenacity.

In 1994, last fall about this time, the American people said "stiffen your spine. Resolve to make a difference. Do something different. Change the way." That is why we are at a turning point. This is about control. We want the future generations to be able to control their own environment and their own communities. We want the future generations to have the control to spend their money on their own priorities, not to have to just pay off the debt which we have been paying.

We must act now if we want to stop this potential of eroding the ability of the next generation, undermining the ability of your children and mine. Hopefully someday I will have grandchildren—and I do not want to shift to them the responsibility to pay for the things that I have done. I want them to have the opportunity to do what every American should have the opportunity to do—that is to exercise the freedom of shaping a Government and spending your own resources the way you choose. It is as fundamental as the beginning of the American Republic.

Mr. President, 200 years ago Thomas Payne said it best, I think: "We have it within our power to make the world over again." That is basically a statement that free people can govern them-

selves and they can devote their resources to things that they choose to devote their resources to.

We keep spending in debt—further and further in debt—stacking it up to where it is now about \$19,000 per person, every man, woman and child. Mr. President, it is \$76,000 for a family of four, and we are not paying off the debt, we are just paying interest on it.

Now if we keep stacking up that kind of debt we simply will not allow the next generation to make any choices on their own. They are just going to have to spend all they have to pay foreign creditors, pay all kinds of other individuals.

Talk about big business. They talk about we sure do not want to do anything that would help business. We want the little guy to prosper. Who do you think holds this debt? The people that own the securities of the United States—a lot is held in the hands of foreign people and governments.

Do you want the people who command what your children and grandchildren do to be people overseas—people who have the ability to call the debt and demand that the payments be made. Then the only thing that those who follow us have the opportunity to decide will be to decide to pay the guys who hold the debt? We owe them much more than that. We owe them much more than that.

Our country came into existence as a result of taxation without representation. I am afraid unless we stand up for the children right now and say we are now going to continue spending their money without their representation, we are not going to continue spending their resources and displacing to them the costs of doing our business—they would have every right to revolt against us—just as we did to establish this country in the first instance.

It is time for accountability. The American people want a Government which pays its debts. They sense that we can do it. When the different masks were being displayed by the President—about we cannot do this because it is the Medicare thing, there was a lot of confusion. Then the Medicare mask was taken off and we sent a continuing resolution without the Medicare provision and another mask was pulled out. Finally all the masks are gone.

The only thing that is left is the balanced budget. We come down to the question, Mr. President—I ask for an additional minute.

Mr. ABRAHAM. I yield 1 minute to the Senator.

Mr. ASHCROFT. So, now the President has before him an ability to continue the operation of the Government, coupled with a golden opportunity to commit this Government to responsibility and integrity. He can do that in signing a continuing resolution and he can do that in embracing a historic achievement for his administration or any other, the Balanced Budget Act of 1995.

This is a golden opportunity. It is not an opportunity that will make that much difference to you and me, but it will make a great difference to the generations that follow.

It is time for us to share with them the benefits of an ordered, priority-setting development of a budget that is structured and responsible and respects our future.

Mr. President, I yield the floor.

The PRESIDING OFFICER (Mr. COCHRAN). Who yields time?

The Senator from Nebraska, under an earlier order, is recognized for 15 minutes.

Mr. KERREY. I thank the Chair.

Mr. President, this reconciliation bill conference report is going to pass. It is going to be sent to the President and he is going to veto it. The question will be, in the aftermath, can Republicans and Democrats get together, can we pass something that is veto proof? I hope in fact we can.

I must say at the beginning, I praise the Republican leadership for attacking this problem. It is very difficult, almost always guaranteed to produce a considerable amount of controversy. It is rarely popular when you take something away from somebody who has an expectation they are going to get it and you always set yourself up for exaggerated claims, regardless of whether they are coming from this side of the aisle or coming from out in the community. I have done it as Governor. I voted for it as a Senator in 1990 and 1993. It always happens. It is very seldom the sort of thing that gets you a round of applause, when you do what I consider to be a very important and responsible thing.

So I begin my analysis of this conference report by thanking the Republican leadership for tackling this problem. I believe we do need to balance our budget. I do not in fact buy into the argument that our debt is rising at an unacceptable level. As a percent of GDP, it is actually going down. Relative to where we were after World War II, it looks fairly good. As a matter of fact, if you look at the markets and what the market is doing right now, it seems to me we ought to be careful as we examine this argument about whether or not our debt is where it ought to be or should it be higher or should it be lower. It seems to me it is heading in the right direction.

Nonetheless, it is important, in my judgment, for the Federal Government to have its budget in balance. So, again, I praise the Republican leadership for setting before this body a proposal that will accomplish that. I hope, after this proposal is vetoed, that some of the comments I have made might give Republican leadership some ideas of where I, at least, as one Democrat, want to see some change.

To begin with, I do think it has to be fair. It has to pass some test of fairness. This proposal left no impact upon me. It will have absolutely no impact upon me. Before I got here, and after I

leave, and right now, my income is high enough it does not have any impact upon me. I do not receive a great deal of Government services, and as a consequence I can stand here courageously and say, "Go ahead and do the deal." I have some stocks and bonds, so maybe I will have a gain on the capital gains tax reduction. It seems to me some standard of fairness needs to be applied.

Second, one of the things I think we urgently need to do as a body is answer the question, what kind of safety net does the Federal Government need to provide? If we want to have a market economy, and I think most of us understand we need to have a market economy in order to create jobs, and I think most of us support the idea of creating tax and regulatory environments so that people will want to make investments so our economy will grow, we need a safety net of some kind. All of us understand that. That is one of the most encouraging things in this debate, is Republicans saying they want to preserve and protect Medicare. Medicare is a safety net provided for people over the age of 65. When they leave the work force they have been and are able to purchase health insurance. It has worked. Nobody over the age of 65 is uninsured. Mr. President, 100 percent of the people over the age of 65 are insured.

The problem is, the economy has changed substantially since 1965 and all you have to do is pick up the newspaper and read about record mergers and read about companies laying folks off, or go home and talk to somebody who is 50 years of age, man or woman, who has worked in a company for 30 years, who finds himself or herself unable to purchase health care, finds himself or herself struggling with retirement questions, struggling with how do I retrain myself.

We have a radically different economy, and if we want a market economy, it seems to me, the question we ought to be wrestling with is what kind of safety net should be built? This proposal, as I see it, moves us away from a safety net, particularly as regards to health care. And particularly, especially the block granting of Medicaid back to the States, as I see it, will erode and move us away from that kind of—at least that kind—of a safety net.

I have a number of objections to this proposal that cause me to have to vote no. I had to vote no earlier and vote no again on the conference report. First and foremost are the reductions in Medicare and Medicaid over the next 7 years, in exchange, it seems to be, for tax cuts. Or at least the exchange is occurring somewhere. There is \$270 billion in Medicare, \$180 in Medicaid, \$245 billion for the tax cuts.

Condition No. 1 for me, as a Democrat, is let us drop the tax cut. Again, if we are going to ask people to sacrifice and take less in their Government, take less in the way of income from their Government, it seems to me

one of the ways, one of the actions we need take to restore fairness, is drop the idea of providing a tax cut which will benefit less than half of the American homes. More than half of the American homes will not even be impacted by this tax cut proposal. It seems to me that it is reasonable for us to say, at the beginning, let us drop that tax cut proposal.

I, as a Democrat, am willing, in exchange for that, to vote for some things that I also think need to be included. I think the CPI does need to be adjusted, the Consumer Price Index that is used to adjust transfer payments and used to adjust as well our Tax Code. It seems to me at least a half a point adjustment is reasonable. If you drop the tax cut and you drop the CPI, we will still be reducing the growth of Medicare and the growth of Medicaid. But we will be able to do it in a fashion, it seems to me, Mr. President, that is much more fair, much more reasonable, and much more likely that, in a bipartisan fashion, we can sell what will be nonetheless a difficult proposal to the American people.

I, for one, as well, happen to believe if you are going to really reform our Medicare system and our entitlement system, that you do have to adjust the age. In the Entitlement Commission recommendation, Senator DANFORTH and I recommended, and Senator SIMPSON and I have a proposal on Social Security that phases in an adjustment of eligibility age for Social Security. I would propose to do the same thing in Medicare. Not for current beneficiaries, not for anybody who is currently in the program, but for future beneficiaries.

The longer we wait to do that the more difficult, it seems to me, it is going to be to break the news that when the baby boomers retire we have this promise laying on the table we are simply not going to be able to keep.

I say to my Republican colleagues, I am willing to vote to drop the CPI by at least a half a point. I am willing to do the same thing on eligibility age. I have no difficulty adjusting the premium for part B. It is fair, it is reasonable, it ought to be done. It seems to me, at the very least we should say no more than a 70 percent subsidy for part B Medicare. I am willing to vote for that.

But I do not want a tax cut proposal on there because I cannot sell it as fair. I cannot explain it as being necessary, because it is not necessary. There are other ways for us to do this, to generate the savings needed to balance the budget in 7 years and get us to that objective.

The next thing I want to spend a little more time on is talking about this idea of building a safety net. I listen to people talk, both at home and as I watch the news and read the newspaper. Increasingly, people are saying this debate has provoked their concern once again about whether or not they are going to be able to have health care. Why? Mr. President, in the State

of Texas, 50 percent of all babies are paid for by Medicaid. These are working families out there. These are people who are earning the minimum wage or slightly above, that cannot afford to buy health insurance. If you want to preserve and protect Medicare, if you have ever come to this floor and said let us preserve and protect Medicare, the fundamental premise of that program is that at some point the market does not work, that we have to collectively look for some way to provide for health care for people who either are not going to be able to afford to buy it or might be excluded as a consequence of some physical condition on their part.

We need a safety net that guarantees health insurance to every single American. No one should be left off the hook of having to pay. The payment ought to be based upon our capacity to pay.

Not only do I support a means testing, an affluence testing of Medicare, but I would love to see us change the eligibility and allow every single American or every legal resident—once you pass those two tests, you know with certainty you have it. You can go out and work. You can go out and pay attention to your education and do the sorts of things you need to do to lift your earning power and do not worry that you are going to lose health insurance.

I think we need a safety net in changing our retirement laws. I think we need a safety net as well in education. The work force today places a very heavy premium on those with skills. It seems to me one of the worst things about this proposal is that we are not increasing the amount of money that families need to be able to send their children to college. It seems to me we are moving in the opposite direction in trying to build the kind of safety net that we need for an active, vibrant market economy.

Finally, Mr. President, I would like to talk about something I have talked about ad nauseam on this floor a time or two before, and that is this question of entitlements as a percent of our budget and what this does to our ability to invest in education, transportation, research, those things that either will improve the quality of our lives like parks or helping those who are mentally retarded. Whatever it is we decide we want to do to strengthen our conscience, we are decreasing our ability to do it as entitlements as a percent of our budget grow. This year, it is 34.5 percent for domestic spending. At the end of this budget proposal it is 26.5 percent.

Now, percentages do not mean much to us typically, so let me try to convert that. If you think this year's budget is tough on appropriations, wait until 2002. I do not think we can do the things that are required in this budget proposal. If you think you can, do not try to construct a budget with these numbers.

Mr. President, 27.5 percent gives you \$435 billion for defense and nondefense spending. Let us presume we spend \$263 billion on defense, which we did this year. I think we can spend slightly less than that. No matter what you do, you are going to spend \$255 to \$265 billion on defense. So let us take \$263 billion out, which is this year's spending, which I presume most, if not all, of the Republicans believe ought to occur. That leaves you \$172 billion.

I know the occupant of the chair, who is on the Appropriations Committee, probably is familiar with this, but let me just show you what I have done. I take \$18.7 billion for law enforcement, for drug efforts, for the FBI, for Border Patrol, for the U.S. attorneys; I take \$17 billion for international affairs—I did not really pull these because they are my priorities; I just pulled some numbers—\$17 billion, slightly more than 1 percent of our entire budget; \$20 billion appropriated for veterans—that is veterans' pensions that are only appropriated accounts; \$10 billion for community efforts such as the CDBG efforts; \$17 billion for science and space; \$38 billion for transportation; \$53 billion for all of education and training.

Mr. President, that is \$174 billion. Right there you have \$174 billion. So I ask those who say: Well, that is fine, what are you going to do about the NIH? What are you going to do about all environmental protection, all of housing, the management of our national parks, disaster relief, natural resources management? The list goes on and on and on.

The answer is you cannot do it. There is not a single Member of this body, I suggest to my colleagues, who could come to the floor and tell me, make a proposal that would show how we are going to in the year 2002 allocate defense and nondefense with only \$435 billion. It is not possible.

It is not desirable either, I might point out, for us to be heading in that direction. If you think that is bad in 2002, just look a little beyond that when my generation starts to retire. Instead of a 1-percent erosion of operations, which is about \$15 billion a year, it will double in the year 2008, and then it is too late. Then the kinds of changes that we have to put in place, the kinds of changes that we have to put in place will cut current beneficiaries of Social Security and Medicare. It will cut current beneficiaries substantially or we are going to have to say to our young people in the work force: We have to have a substantial increase in your payroll taxes in order to be able to cover the bills.

I am here to say again I appreciate the work that the Republicans have done in trying to tackle this problem. There are other problems that need to be addressed that are left unaddressed in this proposal. It is going to be vetoed by the President. It is going to be sent back here, and it will be up to the Republican leadership. Do we embrace

the ranking Democrat on the Budget Committee, who is one of the most fiscally conservative Members of this body. For gosh sakes, if he and the chairman cannot put together a balanced budget, I do not know who else can.

The question will occur, when the Republican leadership package is vetoed and sent back, not can you not find Democrats who will support it, but will you make an active effort to recruit and bring us into the process and say, what are your standards of fairness? What are the things you want before you will support this proposal? I think there is the will to balance the budget, but there is a desire to do an awful lot more than that. I hope that after this bill is vetoed and after it is sent back to us and after we have unsuccessfully attempted to override it, that those who want to balance the budget will join those of us on this side who want to balance the budget as well. I hope you will turn to us and give us an opportunity to participate.

I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. ABRAHAM addressed the Chair.

The PRESIDING OFFICER. The Senator from Michigan.

Mr. ABRAHAM. At this time I yield 20 minutes to the Senator from Delaware, the chairman of the Finance Committee.

The PRESIDING OFFICER. The distinguished Senator from Delaware is recognized.

Mr. ROTH. Mr. President, today we are closer than ever to meeting four fundamental promises we made to the American people when we promised to balance the budget. This legislation offers a balanced budget. We promised to save Medicare, a critical program for our elderly. This legislation preserves and strengthens Medicare. We promised to reform welfare, to end the perverse incentives that have found us spending more and more money only to find more and more children living under the poverty level. We have provided in this legislation real reforms. And, finally, we promised to cut taxes on Americans everywhere, to reverse the record-setting Clinton increases that even the President admits were too high. And with this important balanced budget package we have done just that.

I am encouraged by all that this legislative package offers—the Balanced Budget Act of 1995. I am concerned that certain political dynamics that have overtaken this debate are obscuring the real importance of what we are offering today.

On its most fundamental level, this legislation is about change, real change in Government. It is the beginning of a new era, a redesigning of the way Washington does business. Certainly, given the monumental issues this package addresses, we can understand why President Clinton has forced us to an impasse. Make no mistake, this legislation is revolutionary. It begins to



make changes in the way Government has done business over the last 50 years. It takes the large, overbearing, income-eating, inefficient Federal monolith, a government that was designed for the industrial age, and it prepares it for the 21st century.

Making this kind of change is not easy. Institutions resist modernization. They even resist improvements. For this reason, many once mighty civilizations have fallen. On the other hand, growth and opportunity come from change. As the philosophers say, "The mixture which is not shaken decomposes. Progress lies in changing things that are."

Our Government needs to change. We need to balance the budget. This is not only the responsible thing to do, it is necessary for a strong, vibrant economy. A balanced budget will lower rates. It will create jobs. Some forecast that over 6 million jobs would be created if the budget were balanced.

A balanced budget would also provide a higher standard of living for all Americans. A balanced budget will reduce the burden of debt on future generations. Again, this is a moral responsibility. As Thomas Paine argued, " \* \* \* no parent, or master, nor all the authority of parliament \* \* \* can bind or control the personal freedom of their posterity." But that is exactly what our Government, with 50 years of tax and spend policies, has done. A child born today owes more than \$185,000 in interest alone on the Federal debt.

If he or she were to pay the debt, it would literally conscript him or her to a lifetime tax rate of 84 percent. Now, we have the responsibility to do something about this, and the package before us today is the beginning of a real and lasting solution. President Clinton in his first State of the Union address maintained that any economic forecasting should be performed by the nonpartisan Congressional Budget Office.

Mr. President, the CBO maintains that our program balanced the budget in 7 years. To balance the budget, of course, we must control the growth of Government, and controlling growth does not mean cutting or abolishing important programs. It simply means that we must bring spending into line with reality. It means getting back within our budget, within our ability to pay for necessary programs and making these programs as efficient and cost effective as possible, and that is what we accomplish with this legislation.

I understand that there are basic philosophical differences at play in this current debate. There are honorable representatives and arguments on both sides of the issue, each promoting a vision of Government. Now, those who argue for the status quo believe in the status quo. They have faith in big Government. They trust big Government. And they see it as the solution to very real concerns. Others—and I count my-

self among this latter group—believe Government needs to be reformed and that growth in Government spending needs to be slowed down.

We look at welfare and see that, despite the fact that Government has spent more than \$5 trillion—let me repeat—has spent more than \$5 trillion over the last 30 years, the program is a catastrophe. We see that in 1965 some 15.6 percent of all families with children under the age of 18 lived below the poverty level. By 1993, that number had grown to 18.5 percent. In other words, we see that despite the fact that Government has thrown trillions and trillions of dollars at the problem, the problem has only become worse.

Likewise, the pathologies associated with welfare—crime, illegitimacy, drug abuse, child neglect, and others—have increased to alarming proportions. And we see that between 1965 and 1992, the number of children receiving AFDC has grown by nearly 200 percent, even while the entire population of children under the age of 18 declined by 5.5 percent during this same period of time.

Mr. President, big Government has not worked. In Medicare, big Government has created a program rife with waste, fraud, and abuse. Big Government has literally run the system to the point of bankruptcy. We all know what President Clinton's own commission has said.

And I quote:

The Hospital Insurance Trust Fund (part A) continues to be severely out of financial balance and is projected to be exhausted in about seven years. The SMI Trust Fund (part B), while in balance on an annual basis, shows a rate of growth of costs which is clearly unsustainable.

Again, I am repeating what President Clinton's own commissioners had to say.

Moreover, [they continue] this fund is projected to be 75 percent or more financed by general revenues, so that given the general budget deficit problem, it is a major contributor to the larger fiscal problems of the nation. The Medicare program is clearly unsustainable in its present form.

Again, this analysis of Medicare's current crisis comes from the administration's own trustees. And what we propose today is a solution.

Mr. President, we also propose real tax relief. Big Government has successfully pilfered the taxpayer's pocket. Real Federal taxes per household now top \$12,000 a year. Total Government taxes, Federal, State, local, reach \$18,500 per household. The Federal regulatory burden, which can also be considered a tax, exceeds \$6,000 a year. These numbers have been constantly rising, even as the Government has fallen deeper and deeper into debt.

For example, Federal taxes now take nearly 25 percent of our median household income every year, up from about 16 percent in 1970. This incessant increase in taxes has stifled economic growth. It is engendered irresponsibility in Government spending, even perverse incentives where programs grow

based on their inefficiencies and wasteful practices. And all this has to stop.

Let this legislation serve as the catalyst for real reform. It successfully balances the budget in 7 years by controlling the growth of spending while promoting economic growth. It preserves and strengthens Medicare by allowing the program to grow at about twice the rate of inflation and by introducing choice in the system. In this way, seniors are guaranteed continued coverage as well as the ability to choose those plans and health care providers that best meet their needs.

In this bill, Medicare spending increases from \$178 billion in 1995 to \$286 billion in 2002. Average spending per beneficiary grows 7.7 percent per year, or from \$4,800 to \$7,100. Remember, President Clinton himself said, "Medicare [is] going up three times the rate of inflation. We propose to let it go up at two times the rate of inflation. This is not a Medicare . . . cut." That is a quote of President Clinton himself.

Our proposal controls runaway costs by introducing choice into the system. It gives our seniors the ability to remain in the current fee-for-service plan, if that is what they want. There is no change, no cut in any of the medical services available today.

But, in addition, we also offer them an unlimited number of health care plan options that they may choose to better meet their needs. Our plan also aggressively attacks fraud and abuse in the Medicare Program. The GAO estimates the loss to Medicare from fraud and abuse equals some 10 percent of the program's total spending, and law enforcement officials claim that the majority of Medicare fraud goes undetected.

Our proposal directs the Secretary of HHS and the Attorney General to establish a national health care fraud and abuse control program to coordinate Federal, State and local law enforcement efforts in this area. We earmark some \$150 million in the first year to use specifically for investigations and prosecutions of health care fraud.

We also offer a number of new tools to assist investigators and prosecutors in attacking this problem. The CBO has estimated that our provisions in this area will save the program more than \$3.5 billion over 7 years.

Mr. President, these are the kinds of reforms we must make to preserve and to strengthen important programs. In welfare reform, we must reverse perverse incentives that have sapped the spirit of so many Americans, perverse incentives that have engendered dependency on Government and contributed to decay and even moral decline within our cities.

We must give Americans, as I say, tax relief. President Clinton, by his recent admission that he raised taxes too high, recognizes that our families are stretched beyond reasonable limits. High taxes kill savings, risk taking, incentive and economic opportunity. High taxes undermine job creation.

We offer Americans \$245 billion in tax relief over 7 years. This includes a \$500 per child credit, relief from the marriage penalty and tax credits for adoptions and deductions for student loans. This relief gives our families incentives to save. That President Clinton has elected to shut down the Government rather than work with us towards achieving these objectives is, indeed, a mystery.

Again, he once proposed a child tax credit, a credit of up to \$800. Now, as with Medicare and welfare and even balancing the budget, he is backing away from his promises. Not only this, some are even attempting to make political hay out of the tax relief we are offering, trying to tie it to our efforts to slow the runaway growth in Medicare.

Let me say again that tax relief does not come at the expense of Medicare. As the Washington Post points out:

"The Democrats have fabricated the Medicare-tax cut connection because it is useful politically."

In an earlier editorial, the Post stated that "the Democrats are engaged in demagoguery, big time. And it's wrong."  
\* \* \*

It goes on to say:

[the Republicans] have a plan. Enough is known about it to say it's credible; it's gutsy and in some respects inventive—and it addresses a genuine problem that is only going to get worse. What Democrats have on the other hand is a lot of expostulation, TV ads and scare talk.

We must get beyond the scare talks. We must get beyond the political posturing that has brought the greatest Government on Earth to a standstill. The American people deserve better. They deserve a Government that works, a Government that works for them.

This, of course, is not the first time Government has been shut down. Ronald Reagan shut the Government down because during his tenure, Congress wanted to spend too much. Today, Clinton has shut it down because he wants to spend too much.

Look at the numbers, Mr. President. We cannot afford the waste, growth and inefficiency of the last 50 years, but what we can afford are the well-conceived, workable reforms contained in this Balanced Budget Act of 1995. I stand behind it, and I urge the President to sign it.

Mr. President, I yield back the remainder of my time.

Mr. KENNEDY addressed the Chair.

The PRESIDING OFFICER. Under an earlier order, the Senator from Massachusetts [Mr. KENNEDY], is recognized for 15 minutes.

Mr. KENNEDY. I thank the Chair. Mr. President, I always welcome the opportunity to hear our Republican friends talk about reducing the deficit. I remember in 1980 when President Reagan was elected, we had about a \$465 billion deficit, and all during that period of time of President Reagan and President Bush, we went up to \$4.7 trillion, all run up during that period of

time. It is always interesting to me, President Reagan requested higher budgets than were actually approved by the Democratic Congress.

Then we had President Clinton's program that went into effect that reduced the deficit by \$600 billion. It is useful, as we examine what I consider an extreme resolution that is before us and budget before us, to put in some context exactly which party and who has been trying to do something about the deficit and basically who have been talking about it. Of course, as history points out, we did not get one single Republican vote when we put in place the deficit reduction program.

As was mentioned by other Members, by those Senators on the other side, this really is an issue of priority. I welcome the opportunity to compare the priorities. It is now clear to the whole country that this is not a conflict about a balanced budget, it is a dispute about fundamental American values and priorities.

The Republican budget plan is a program to sacrifice senior citizens, students and children and working families in order to pay for lavish tax breaks for the wealthiest individuals and corporations in America. It is a program to destroy Medicare, to benefit the rich. It is a program to slash aid to education and trash the environment. It raids private pension funds, closes the door of colleges and universities to the sons and daughters of working families, dumps over a million more children into poverty in a misguided version of welfare reform.

In page after page of this legislation, Republicans offer an open hand to powerful special interests and the back of their hand to everyone else.

Republicans pretend their continuing resolution is not about raising Medicare premiums, but their reconciliation bill certainly is—\$52 billion in additional premiums over the next 7 years, an additional \$2,500 in premiums for every elderly couple. That is only the tip of the iceberg.

The overall Republican cuts in Medicare total \$270 billion. The trustees said what was necessary was \$87 billion; their cut \$270 billion. Compare that to the \$245 billion in Republican tax breaks for the wealthy. You do not have to be a rocket scientist to understand that shameful arithmetic.

The Republican Medicare plan is also carefully constructed to force senior citizens to give up their own doctors and join HMO's and other private insurance plans. That means billions of dollars in higher profits for the insurance firms at the expense of elderly Americans.

Why are all the insurance companies supporting this particular proposal? Because they recognize it opens the opportunities for billions and billions in profits.

The Republican Medicare plan may be Heaven for the health insurance industry, but it is hell on senior citizens.

Senior citizens also depend on Medicaid for nursing home care and other

services Medicare does not cover. Medicaid provides the health care for one-fifth of the Nation's children and for millions of American families with family members with disabilities.

It is interesting, 18 million children are on Medicaid; 94 percent of those children's parents work; 65 percent of them work full time. These are sons and daughters of hard-working Americans that are going to be cast adrift under this proposal that is before us.

The Republicans do not care about their health care. They cut Medicaid by \$180 billion. By the year 2002, it will be slashed by one-third. Effectively, with the program for 7 years, they are taking 2 years of the payment out. They are taking that out of the program and giving it back to the States and saying, "Provide better services for them."

Millions of our needy citizens will lose. Last year, the Republicans blocked health reform that would have guaranteed coverage for all this year. They are taking away the coverage from those who now have it.

The giveaways go on. The weakening of the nursing home standards was defeated in the Senate by 95 to 1, but the weakened standards are back in the final Republican bill; liens on the homes of nursing home residents, defeated on the floor of the U.S. Senate, but the liens are back in the bill; permission for doctors to charge more than Medicare will pay, defeated in the Senate, back in the bill; weakened antifraud standards, defeated in the Senate, back in the bill. The casualty list for senior citizens goes on and on.

We have distributed a fact sheet laying out some of these back-room deals in more detail. On education, the Republican budget is a triumph of special interests over student interests. It is rigged to funnel over \$100 billion in new business to banks and money lenders at the expense of colleges and students. It is hard to find a more vivid or disgraceful example of the prostitution of Republican principles. When profits are at stake, Republicans are more willing to sell out the free market competition and replace it with the heavy hand of Government-guaranteed monopoly.

The Republican budget also drastically cuts education. It slashes Federal aid by a third. It cuts aid for school reform. It cuts college student assistance by \$5 billion. It caps the direct lending program at the ridiculously low level of 10 percent. Twelve-hundred colleges and universities will be forced out of this program they want for their students. Why? So the banks and guaranteed agencies can profit to the tune of \$103 billion in new business over the next 7 years, and the best estimate is that it will be \$7 to \$9 billion in profits that ought to be used to lower the cost of education for the children of this country.

For children, this bill is a nightmare. There is a right way and a wrong way to reform welfare. Punishing children is the wrong way. Denying job training

and work opportunities is the wrong way. Leaving States holding the bag is the wrong way. This bill takes a bad Senate bill and makes it worse. The Senate bill eliminated 60 years of a good-faith national commitment to protect all needy children. This conference report adds insult to injury by guaranteeing increased suffering for millions of children and families.

The Senate bill cuts food stamps for 14 million children, SSI benefits for 225,000 disabled children and protection for 100,000 abused children. This conference report slashes these essential programs by \$82 billion—\$17 billion more than the Senate bill. Nutrition programs, disability benefits, and antichild abuse programs will suffer heavily.

If the conference report becomes law, children born to parents on welfare will be punished in every State. Victims of domestic violence will lose their special protection. Food stamps for the unemployed will be further restricted. Family preservation and child abuse programs will be block granted. Family hardship exemptions and State investment requirements will be reduced. All this is above and beyond the Senate bill. Even the modest child care provisions added to the Republican "home alone" bill in the Senate have been rolled back.

This bill cuts essential child care funding and eliminates essential protections for children and child care. As a result, many more children will be left home alone, and countless others will find themselves in unsafe conditions. The bill cuts more than a billion dollars from the Senate-passed welfare bill by stretching out the \$3 billion in new funds over 7 years and capping the child care development block grant for low-income working families. It eliminates any real requirements for States to ensure adequate health and safety protection for children in child care. It repeals the requirements for States to adopt minimal health and safety provisions for immunizations, building safety, and appropriate health and safety training for anyone receiving Federal funds.

These provisions were negotiated by Senator HATCH and the Bush administration, and they have had broad bipartisan support—until now. In addition, the Republicans have cut more than 50 percent of the funds set aside to improve the quality of child care. Report after report documents the shocking poor quality of child care in far too many child care settings. These funds are making a measurable difference in the development and growth of low-income children.

What is happening is the standards, which were established by Senator HATCH and Senator DODD, signed by President Bush, have been significantly weakened. It is so interesting that we

are prepared to give real standards of protection for the child care in the military, and we deny them to the civilian workers of this country. Any man or woman in this body can go out and visit a child care center on any military base, and they will find it is up to standards. There were only six votes in this body against those kind of standards when we did it for the military. But when you are talking about dealing with poor people, you take those standards and safety net away. You know what is going to happen? In another 1 or 2 years, there will be a study and it will talk about how all of these programs have deteriorated and people will say that is what happens when you have a Federal program, and there will be pressure to provide less and less support for those poor children, and more and more tax giveaways for the wealthy in this country. It is wrong.

If this bill passes, the Senate will be turning its back on needy children, on poor mothers struggling to make ends meet—millions of our fellow citizens who need help the most.

The Republican priorities are clear: For millionaires they will move mountains; for poor children, they will not even lift a finger. We all want to balance the budget, but it cannot and should not be done on the backs of America's children. Enough is enough. Enough of the back room deals with high-paid corporate lobbyists. Enough of dismantling commitments to children and families in need.

In the end, this is a battle for the heart and soul of this Nation. It is a simple question of priorities. Are we going to leave millions of low-income children behind in order to give huge tax breaks to the rich?

This bill is legislative child abuse at its worst.

A further outrageous provision in the reconciliation is the hunting license it gives corporations to raid employee pension plans and divert billions of dollars in retirement funds to other purposes.

Despite the overwhelming 94-5 vote by the Senate 3 weeks ago to strip the indefensible pension raid from the Senate bill, the Republican majority persist in their reckless scheme to turn private pension plans into piggy banks for corporate raiders and greedy executives at the expense of the retirement security of millions of Americans.

One other decision by the Republican conferees vividly demonstrates what this debate is about. All year, Democrats have tried to close the so-called billionaires' tax loophole, which lets wealthy Americans renounce their American citizenship to evade their fair share of taxes on the massive wealth they have accumulated in America. Have we heard any Member of that side defend that provision? The si-

lence is deafening. It is difficult to imagine a more obscene loophole. Every time we have raised it in the Senate, no one tries to defend it. Once again, behind closed doors, the Republicans have saved it. The billionaires' loophole is alive and well in this bill. Shame on the Republican Ways and Means Committee. I doubt if they have ever sunk lower.

The Republicans claim that their plan provides a balanced budget, but it is profoundly out of balance. It tilts the scales heavily to the wealthy and the powerful at the expense of ordinary Americans. The Republicans know that President Clinton will never sign this bill. They know that Congress will never override his veto. The question is: How long this shut-down-the-Government tantrum will go on before they realize the American people are not buying what the Republicans are selling and never will.

I yield to the Senator from Maryland.

Mr. SARBANES. I listened very carefully to the Senator from Massachusetts with respect to the impact of this reconciliation bill on children. Is it not the case that if the tax break provisions of this reconciliation were not in this package—in other words, this \$250 billion worth of tax breaks for the very wealthy—these drastic cuts with respect to these programs for children would not have to be made, is that not correct?

Mr. KENNEDY. Well, the Senator is absolutely correct. And to further add to the Senator's point, the Senator understands that for every dollar that you cut, both in education and in child care, you increase the cost to society by 3 or 4 more dollars. So if you are looking at this, either from a bottom-line point of view about what the costs are going to be over any period of time, or looking at it—I think all of us would like to think that the way we are looking at it is caring for the child. It makes absolutely no sense, what they have done.

Mr. SARBANES. The costs accumulate. But the fact is—and people must understand this—that in order to give tax breaks to very wealthy people, draconian cuts are being made in these programs to help children. So there is a direct tradeoff that has to be understood. In other words, these cuts are happening to child care, to feeding programs, education programs, and others, in order to accumulate a pot of money with which to give tax breaks to wealthy people. If you did not give the tax breaks, you would not have to make the cuts, is that not correct?

Mr. KENNEDY. The Senator is absolutely correct.

The PRESIDING OFFICER. The time of the Senator has expired.